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NEWS SUMMARY

GENERAL

Hint of concession as travel disrupted

Government Ministers yesterday insisted that the 7 per cent pay offer to civil servants would not be increased, but gave the first hint of possible flexibility in future negotiations.

Union leaders reacted cautiously to the suggestion, apparently meant to draw them back into talks, that future settlements should not be confined by cash limits predetermined without negotiation.

Industrial action at ports and airports already threatens Easter holidaymakers, and caused massive queues at Heathrow and Gatwick yesterday. Air traffic control assistants have now voted to take action after the break. Back Page

Councils warned

Housing Minister John Stanley warned seven Labour-controlled councils that unless they co-operated with council tenants who wanted to buy their houses, he would take over responsibility for the sales. Back Page

Londonderry riot

Youths hurled dozens of petrol bombs at police and soldiers when rioting broke out at a demonstration in Londonderry against H-block prisons.

Fraser in crisis

Australian Premier Malcolm Fraser faced a political crisis after Cabinet Minister Andrew Peacock resigned, accusing him of "gross disloyalty."

PM in India

Trade relations, U.S. arms sales to Pakistan and British immigration laws emerged as possible areas of conflict in talks between Mrs. Thatcher and Mrs. Gandhi in New Delhi. Page 3

'Unlawfully killed'

Mentally ill remand prisoner Barry Prosser, found dead last August, was unlawfully killed, an inquest jury decided. A report of the hearing will go to the Director of Public Prosecutions.

Basque talks

Spanish Premier Leopoldo Calvo Sotelo held urgent talks with Cabinet Ministers after Basque separatist guerrillas killed three people near Basque country. Page 2

Architect's prize

British architect James Stirling won the $100,000 (£46,000) Pritzker Prize, the world's richest architectural award, in New York.

More bail urged

More use of bail provisions, to lessen the number of defendants remanded in custody, was called for. Page 8

Turks arrested

Turkish police have arrested 700 suspected Left and Right-wing terrorists in recent weeks, it was announced.

Brixton rally off

Brixton Defence Committee said it had no plans for a rally this weekend after last weekend's riots, following discussions with police. Strong feeling against supporting the Scarman inquiry was reported. Page 6

Out for a spell

Kenyan Livestock Development Minister James Osogo was expelled from Parliament after being convicted of using witchcraft and bribery in 1979 elections.

Briefly . . .

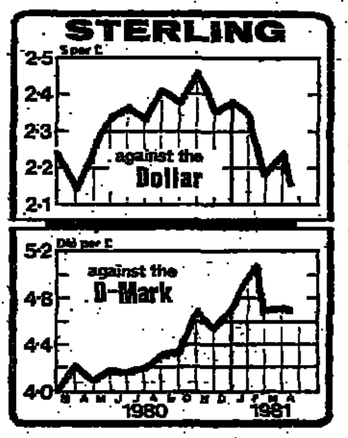
Netherlands expelled a Soviet news agency correspondent for spying.

Italian Government listed 40,000 people alleged to owe L1,597bn (£676m) in tax.

BUSINESS

Sterling off 1.95c; dollar firmer

● STERLING was off 1.95c to $2.1580 its lowest closing level for just over a year. It declined to DM 4.70 (DM 4.7125) and FFr 4.2875 (FFr 4.2950). Its trade-weighted index fell to 98.9 (99.3) Page 33



● DOLLAR was firmer at DM 2.1765 (DM 2.1630). It was also stronger at SwFr 1.9860 (SwFr 1.9710) and Y216.40 (Y215.10). Its trade-weighted index rose to 102.4 (102.1). Page 33

● GOLD fell $11 to $474.5 because of dollar firmness and higher U.S. interest rates. Page 33

● EQUITIES were steady in spite of lack of investment activity. The FT 30 share index picked up after hours to end 0.3 higher at 549.1. Page 36

● GILTS recorded modest gains. The Government Securities Index was off 0.02 at 69.23. Page 36

● WALL STREET was up 7.57 to 996.67 near the close. Page 34

● BRITISH RAIL lost £76.9m after interest and tax last year, says the company's annual report. The board thinks 1981 losses may be even greater. Back Page

● BRANIFF International's auditors have qualified the company's 1980 accounts and say the airline may be unable to continue as a going concern. Its current liabilities exceeded current assets by $143.2m. Back Page

● BELGIUM cut its bank rate by one point to 15 per cent two weeks after raising it to a record level to stave off a crisis of confidence in the Belgian franc.

● RECESSION appears to be ending in London and South East, says London Chamber of Commerce and Industry. Page 8

● FARRINGTON Stead, investment management group, has partly admitted owing Hedderwick Sterling Grumbar, failed stockbroker, nearly £2m in cash and stock. Back Page

● SIR LEO PLIATZKY, retired top civil servant, recruited by the CBI to help prepare plans for Government spending cuts of up to £1bn this year. Back

● INFLATION in the non-Communist industrialised world eased slightly in February because of a slower rise in food prices. Prices rose by 0.9 per cent in the month, compared with 1.1 per cent in January. Page

● RICHARDS AND Wallington, the crane hire group, announced the resignation of Mr. Roy Richards, founder, chairman and chief executive. Page 26

● HAWKER SIDDELEY Group, the electrical and mechanical engineering concern, reported taxable profits up from £107.8m to £113m for 1980. Page 26; Lex, Back Page

● BURMAH OIL pre-tax profits for 1980 fell from £67.3m to £62.3m. Page 26; Lex, Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Excheq. 13¼% 1987	£103¼	+ ¾
Air Call	190	+ 15
Bluemel Bros.	44	+ 5
Dewhirst (I. J.)	86	+ 5
Douglas (R. M.)	117	+ 9
East Lancs. Paper	72	+ 5
Heath (C. E.)	250	+ 10
Hogg Robinson	120	+ 4
London Shop Prop.	140	+ 4
Minet Hlds.	112	+ 10
Fowlem (J.)	164	+ 7
News Intl.	120	+ 10
Electrocon	38	+ 6
Rothmans Intl.	86	+ 4
Standard Telephones	525	+ 7
Telephone Rentals	352	+ 25
Tilling (T.)	182	+ 7
Utd. Carriers	160	+ 14
Utd. Scientific	398	+ 15
Vickers	185	+ 9
Ward White	72	+ 6
Westland Aircraft	142	+ 6
Westward TV	23	+ 3
Yorkshire Chemicals	37	+ 4
CRA	243	+ 7
Metramar	83	+ 9
Northern Mining	175	+ 15
FALLS		
Bambers	72	− 5
Home Charm	115	− 5
Waring & Gillow	164	− 6
Burmah Oil	167	− 5
Floyd Oil	110	− 10
Ultramar	450	− 15
Cent. Pac. Minerals	115	− 5

Recession flattening out, says CBI chief in cautious review

BY JOHN ELLIOTT AND PETER RIDDELL

THE GROWING mood of *cautious optimism about the* economic outlook spread yesterday to the previously pessimistic Confederation of British Industry when Sir Ray Pennock its president, said that the recession was "flattening out."

But Sir Ray carefully did not say "bottoming out," which has connotations of the economy's bouncing back, since he believes there is no evidence of recovery. The CBI pay databank shows that most wage deals in manufacturing have continued to be for single-figure increases.

Sir Ray's comments came on the same day as the Central Statistical Office's cyclical indicators, which try to identify economic turning points, suggested that the low point had already been touched.

The latest movements of *these indicators suggest that* "the trough of the recession was probably reached towards the end of last year or in the first quarter of this year."

In particular the coincident indicator, broadly unchanged between November and January, rose by roughly 2 per cent in February.

There has been an increasing number of more positive signs in the last fortnight, the small rise in industrial production in February, the upturn in private housing starts, the less gloomy tone of business opinion surveys, *and a rise in demand for* managerial and executive staff.

This evidence has reinforced Government claims that the sharp fall in output of the last year may have ended. But there is still considerable disagreement about prospects for the rest of 1981 and early 1982.

Mr. Leon Brittan, Chief Secretary to the Treasury, said on Monday that output was likely to be on a rising trend in the coming 12 months. But yesterday Sir Ray was more cautious in his comments after the monthly meeting of the CBI's regional chairmen and its council.

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The chairman agreed with the "flattening-out" verdict. But they stressed that unemployment was still rising, that any levelling-out applied only to what was left of manufacturing industry, and concealed the fact that the cuts and closures that had taken place were permanent and beyond recovery.

Trying to blur any signs of division between the views of the CBI and the Government, Sir Ray said the differences were "no greater than the margin of error" in all such *forecasts of the economy.*

In a shift of emphasis Sir Ray reinterpreted the CBI's last monthly trends inquiry, stressing that one in seven companies had said the volume of production was rising. This compared with four out of seven saying there was no *change.*

"To that extent things are flattening out," though CBI leaders were quick to maintain that they were not joining any bandwagon saying everything was all right.

The cyclical indicators are now clearly pointing toward the arrival of the trough.

These indices are based on economic variables, such as share prices, profits, output and opinion surveys.

Officials warn that the latest values of the indices reflect partial information and are subject to revision.

The rise in the coincident index in February was, for example, based upon only two of the seven component series, and it is possible that the upturn is a temporary fluctuation.

However, further rises in both the shorter leading and longer leading indicators, looking ahead an average of five and 15 months respectively, continues to point to a bottoming of the present recession.

Polish Party leaders approve democracy call

BY CHRISTOPHER BOBINSKI IN WARSAW

POLAND'S Communist Party leaders yesterday changed tack and formally approved a movement among disenchanted grass roots members who are demanding more democracy, less censorship and the removal from high office of old-guard hardliners.

Gathered in Torun, North Poland, to discuss tactics, 500 members claiming to represent up to 1m of the party's 2.5m membership, were surprised when the official blessing was given by Mr. Richard Lukasiewicz, a senior party official.

...The new stance shows that Mr. Stanislaw Kania, the party leader, has decided to risk Soviet displeasure and will now seek to come to terms with the new movement.

Mr. Lukasiewicz said: "Your movement represents life-giving capital for our party. Charges that it is seeking to break the party into fractions can only serve those who are seeking to push Poland back into the past."

The party hierarchy, which until yesterday had resisted pressures from the rank and file, underwent its change of heart following a series of increasingly bitter attacks on conservatives in the leadership.

Mr. Stefan Olszowski, the Politburo member for the media and ideology, has repeatedly been singled out for misinforming the membership. He was attacked again yesterday by delegates who wanted to sweep the hard liners out of senior posts.

Party leaders had objected to yesterday's gathering. Last *month Mr. Kazimierz* Barcikowski who is responsible for the Politburo threatened the organisers that they would go beyond the limits of the party if they held the meeting.

This change of face by the leadership shows how strong the movement for change in the party has become, especially since the last Central Committee meeting on March 30.

At that meeting rank and file members of the Central Committee criticised the leadership for its conservatism.

The Central Committee, the group which elects the national Politburo—in effect a Cabinet—will meet again within a fortnight.

It remains to be seen whether demands from the dissidents will be granted at that session, but Mr. Lukasiewicz's speech showed clearly that the conservatives are becoming increasingly isolated.

His comments, including a statement that all party officials should support the movement, were all the more surprising to the delegates because Mr. Lukasiewicz himself has become noted during recent months for his hard line views.

Warsaw looks to banks for relief on debt, Page 2

Forte loses skirmish with Savoy

BY REG VAUGHAN

SIR CHARLES FORTE, head of the Trusthouse Forte hotel and catering group, has lost the first round in his £58m bid for control of the Savoy Hotel group.

In a High Court judgment yesterday, Mr. Justice Nourse dismissed an application by THF for an order to convene separate meetings of the "A" and "B" shareholders of Savoy under Section 206 of the Companies Act.

This move — which has been *described as "fundamentally* objectionable" by the Savoy Board — had been regarded as crucial to the success of THF's takeover move.

The judgment came after four days of legal argument in private. The court ruled that it is not acceptable under that section of the Companies Act to seek to acquire a company by a scheme of arrangement without the consent of the company.

Mr. Justice Nourse said that "the court had no legal power to sanction an arrangement under the section which did not have the approval of the company, either through the Board or, if appropriate, by means of a simple majority of the *members in general meeting.*"

The judge rejected the Savoy's argument that the court had no power, or, if it had, ought not to convene meetings in the present case. He said that the Savoy board had withheld its approval for the separate meetings, and the scheme did not provide for approval to be obtained from the Savoy in general meeting.

THF was given leave to appeal against the judgment but it was not apparent yesterday what the company's next move would be. The Savoy "A" share price was unmoved by the news at 198p on the London Stock Exchange. THF was unchanged at 235p.

Sir Charles said he was "disappointed" at the outcome. The group would discuss the position with its legal advisers. A number of options were open

Continued on Back Page

Major defence projects to be reviewed

BY MICHAEL DONNE, DEFENCE CORRESPONDENT

THE DEFENCE equipment programme is to be reviewed by the Ministry of Defence over the next few months, with the idea of getting better value for money in the long term.

This will cover several major re-equipment decisions that are pending and may result in some being cut. It is hoped the results of the review, with any orders for equipment that may emerge, will be announced by the end of the Parliamentary session, at the end of July or in early August.

Among major re-equipment decisions under review will be the go ahead for a replacement for the Sea King anti-submarine warfare helicopter, the development of the Sea Eagle anti-ship missile, the AV-8B *Advanced Harrier vertical* take-off aircraft, and the new heavy-weight torpedo.

These are expensive, long-term programmes which the armed forces argue they need. If they are undertaken together they will put a heavy strain on a defence budget the Government does not want to see rise by more than 3 per cent a year.

Plans for the review emerged yesterday when Mr. John Nott, Secretary for Defence, introduced the annual Defence White Paper. This shows that defence spending in the coming year will be £12.3bn or 5 per cent more than in 1979-80. The precise increase over 1980-81 is not clear, because of overspending last year.

Mr. Nott, in a foreword to the White Paper, says the need is to "re-establish in the long-term *programme the right* balance between the inevitable resource constraints and our necessary defence requirements."

He says that in recent years, pressures on defence budgets have led to cuts in programmes. More recently, as a result of the recession and faster industrial *deliveries of defence equipment,* other pressures have affected the defence budget, and cuts have been made in ammunition, fuel, oil, essential spares, training and some deployment of forces.

"One consequence is that the capital stock is unbalanced, with too much tied up in weapons platforms at sea, on land or in the air (ships, aircraft) and not enough in the weapons and sensors they need to carry.

"We need, therefore, to look realistically, and with an open mind, at the way in which our *forces fulfil their roles.*

"I shall be considering in the coming months with the Chiefs of Staff, and in consultation with our allies, how technological and other changes can help us fulfil the same basic roles more effectively in the future without the massive increase in real defence expenditure which the escalation of equipment costs might otherwise seem to imply."

Mr. Nott make no secret of the fact that it may be necessary to dispense with one or more of these programmes, if they cannot be undertaken within the Government's budgetary policy.

One Defence Ministry aim in this costings and equipment review will be to discover the views of armaments manufacturers at an early stage.

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Playboy sacks Lownes

BY ANDREW FISHER

PLAYBOY, the international "Bunny Club," casino and magazine group, has sacked Mr. Victor Lownes, the highly-paid and colourful head of its UK operations.

With a salary of around $500,000 (£230,000) a year, Mr. Lownes was among the best-paid executives in Britain. His departure follows police and Gaming Board opposition to licence renewals at three Playboy casinos in London.

Police raided the clubs—the Playboy Casino, the Clermont Club, and Playboy's Victoria Casino—in February, later returning all documents removed.

Last Friday, both the police and the Gaming Board lodged objections to licence renewals for the clubs, which make up a large part of Chicago-based Playboy's revenue.

Mr. Lownes was chairman and managing director of Playboy in the UK. Also leaving is Mr. William Gerhauser, who was deputy managing director. Playboy has said it will "vigorously defend" its licences.

Replacing Mr. Lownes and Mr. Gerhauser are Mr. Marvin Huston, now chairman of the UK company, and Mr. Frank Di Prima. Mr. Huston will still be executive vice-president and chief financial officer of the whole group.

Joseph to rule on rivals for Telecom

BY GUY DE JONQUIERES

SIR KEITH JOSEPH, the Industry Secretary, will decide in July whether to adopt radical *policy changes* which would allow private companies to operate telecommunications services in direct competition with British Telecom.

He disclosed yesterday that a proposal to allow Telecom to raise an additional £360m for investment and working calpial by issuing "performance-related" bonds had been shelved, at least for this year. It appears to have foundered on objections by the Treasury.

Sir Keith told the Commons that he was discussing with British Telecom ways to increase its *external financing* within the limits imposed by the Public Sector Borrowing Requirement. He expected to take a final decision "within weeks."

Far-reaching deregulation of the telecommunications industry has been recommended in a report prepared for Sir Keith by Professor *Michael* Beesley of the London Business School. The report, released yesterday, claims that such a move would have only a marginal economic impact on Telecom.

But Professor Beesley's con*clusions were strongly disputed* by Telecom, which said that unrestricted competition would result in much higher charges for most telephone users. The increases would occur even if current restraints on British Telecom's financing were removed, as the report also recommends.

Sir Keith said he would consult British Telecom during the next two months before reaching a final decision. But he made clear that he was broadly sympathetic with Professor Beesley's recommendations and *favoured implementing at least* some of them as soon as the Telecommunications Bill becomes law this summer.

"There would have to be a very powerful demolition job by British Telecom to satisfy me that a monopoly in communications is better than competition," he said.

The report recommends that private competitors be allowed to operate voice and data communications services on British Telecom's domestic network. British Telecom would be entitled to charge a fee but could not dictate what services could be offered.

Professor Beesley goes beyond

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Warsaw looks to banks for relief on debts

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

POLAND IS meeting international banks today in the hope of reaching a broad consensus on arrangements excusing it temporarily from the repayment of some $1bn in commercial debt falling due during the second quarter.

The meeting comes against a background of clear progress in negotiations between Poland and its Western government creditors on a rescheduling agreement covering $4.4bn in government backed and official debt falling due this year.

But the banks are unlikely to concentrate much on a longer term agreement of their own at today's meeting, preferring instead to discuss the question of shorter term maturities on which they have spent the last two weeks deliberating in their own national caucuses.

This question has assumed much greater urgency since Poland told the banks earlier this month that it was no longer in a position to repay debt as it fell due and a tiding over arrangement was essential pending a more permanent rescheduling agreement.

Indications last night were that banks from main creditor countries, the U.S., Britain and West Germany were willing to defer second quarter repayments. In a number of cases, however, the acceptance was conditional and a major element of uncertainty was the attitude of French banks which will be revealed only at today's meeting.

West German banks have said they are willing to accept the second quarter arrangement only if all other banks agree, if the government do, as expected conclude their own rescheduling agreement with Poland on April 27, and if the principle is established that all Poland's creditors are treated equally.

U.S. banks are keen not to be seen waiving their legal rights under existing loan agreements, and this might lead some of them to seek to impose penalty interest if Poland's second quarter debt repayments are to be deferred.

Poland's total repayment obligations to international banks this year amount to some $3.1bn, but it did manage to repay around $700m to $800m of this during the first quarter. Some bankers now suggest that this amount should be left out of any medium term agreement to reschedule 1981 debt maturities.

Excluded from the second quarter arrangements are funds which Western banks have placed at short term with Bank Handlowy, Poland's foreign trade bank, and other Polish banks.

Warsaw has asked Western banks to maintain the level of these deposits unchanged until the end of the year. In late March, its cash crisis was exacerbated by heavy withdrawals of such deposits.

Exports from Poland show sharp fall

WARSAW — Poland's exports fel sharply in the first quarter of this year compared with the same period in 1980, and its balance of payments problems remain serious, according to the official news agency PAP.

Poland's exports to non-Communist nations dropped by 28 per cent, while those to Communist countries fell 17 per cent, it reported.

Its imports from the non-Communist world also fell by nearly 17 per cent in the first three months of the year, but its purchases from the Communist bloc rose by nearly 19 per cent.

The newsagency said the failure to meet export targets as well as the lack of a decision on re-scheduling Poland's debts indicated its balance of payment problems would worsen in the second quarter.

Poland's main non-Communist creditor nations are due to meet later this month to finalise agreement on rescheduling some of the country's official debts.

Food rationing in Poland would be extended on May 1 to include butter, cereals and flour, PAP reported—but later withdrew the report, saying it was published prematurely.

The agency's editor on duty could not give any reason for the withdrawal, but said the Council of Ministers had not made any binding decision.

Warsaw Radio, monitored in London, said Mr. Wojciech Jaruselski, the Prime Minister, issued an order at Monday's cabinet meeting relating to extended food rationing and quoted a government statement saying work on the matter was continuing.

PAP also reported that Communist worker activists yesterday called on Mr. Stanislaw Kania, the party leader, to speed the purge of "unworthy" members.

Reuter

Katyn ceremony sparks broadside from Pravda

BY DAVID SATTER IN MOSCOW

THE SOVIET Communist party newspaper Pravda yesterday accused "counter-revolutionary" elements in Poland of staging an "anti-Soviet witches sabbath" in a Warsaw cemetery in a ceremony marking the fortieth anniversary of the Katyn Forest massacre of Polish officers.

At at time when the Soviet Press is also calling for unity in the Polish Communist party and tougher measures against "subversives," the reference to the Katyn memorial service is an indication of how unacceptable, from the Soviet point of view, the exercise of new Polish freedoms has become.

Thousands of Polish officers were killed at Katyn, near Smolensk, in 1941 and the Soviet Union has claimed they were massacred by advancing German forces.

Most Poles, however, believe that the crime was committed by Soviet forces in order to destroy the strongly anti-Communist Polish officer corps and the weight of Western opinion supports this contention.

Pravda said the massacre was investigated by a commission immediately after the liberation of Smolensk which found that the Nazis were responsible for the massacre yet the gathering in Warsaw on Monday accepted the "Hitlerite version of events."

Meanwhile, the Soviet Writers' Union weekly, Literaturnaya Gazeta, said that Kor, the Polish dissident group, is using "Trojan horse" tactics to overthrow Socialism. Kor is preparing lists of people to be isolated on day "X" and subjecting party and government leaders to persecution, it alleged.

● M. Georges Marchais (left): "I do better on television than football matches or Sunday night films."

Communist party candidate brings touch of humour to a very serious business

Marchais' losing battle draws the crowds

BY ROBERT MAUTHNER IN PARIS

M. GEORGES MARCHAIS, the truculently endearing leader of the French Communist party, is the man the bourgeoisie most like to hate, or rather hate to like. His policies might be anathema to a large section of the population, but his personality certainly is not. Together with Coluche, the smutty clown who has dropped out of the presidential race after failing to obtain the required number of elected backers, M. Marchais has brought a much-needed touch of humour to the desperately serious business of a French election.

The Communist leader, now a youthful 60 years of age, is well aware of his histrionic talents which he practises with greatest effect on television. Ignoring the fact that the latest opinion polls give him no more than about 17 per cent of the total vote in the first round, which means that he will certainly not be among the two leading candidates who fight it out in the final ballot, M. Marchais has been heard to boast about his television following.

"It's me who has the best score on the tele," one paper quoted him as saying. "I do better than football matches or Sunday night films, with 30 to 32 per cent of the ratings."

It is his northern French, almost Belgian accent, his mobile face with its wolfish grin and his cleverly stage-managed outbursts of proletarian anger, which has turned M. Marchais into a television star.

Typical Marchais expressions such as "c'est un scandale" and "taisez-vous (shut-up) Elkabach"—directed at the head of the second television channel's head of news—have been pounced upon by the country's greatest impersonators, such as Thierry Le Luron, and have almost become part of the language.

M. Marchais's disconcerting changes of direction since he became the Communist party's secretary-general in 1972 have done nothing to undermine his personal appeal as a television performer. Whether he is dressed in the apparel of a Eurocommunist or a pro-Moscow Communist, a line to which the party has recently reverted, non-Communist viewers will switch on their sets just for a good laugh.

It is not only a good laugh, of course, that M. Marchais wants to elicit, but it is a useful bait if you want to persuade people of more serious things. On that front, the Communist leader is altogether more predictable. The country's high rate of unemployment has provided him with a useful stick to beat President Giscard d'Estaing, whom he accuses with visible relish of leading the country to rack and ruin while capitalist coffers are overflowing.

His remedy for defeating unemployment is a sweeping nationalisation programme, covering most of the country's

biggest companies and financial institutions, the creation of some 500,000 jobs a year, most of them in the public sector, and a substantial boost to consumer demand through wage increases of the lowest paid and higher social benefits.

M. Marchais has two main political objectives in fighting an election which he knows he cannot win. The first is to ensure that President Giscard d'Estaing, the candidate of the Right, i beaten and the second that h own score is high enough—sa about 21 per cent of the vote cast—for the Communists t play an influential role when comes to forming a Left-win Government.

M. Francois Mitterrand, th Socialist candidate, has sa "no" to Communist participatic in a Government as long as th Communists maintain the anti-Socialist stance and the uncritical support of the Sovi Union on issues such Afghanistan.

It looks like a stalemate, first sight. But M. Marchais h not hesitated in the past change his position rapidly, necessary. He is well aware th the final outcome of the ele tion could depend on the Co munist voters' decision to swi their support to M. Mitterra in the vital second round. he fails to recommend such course, not only the Socialist but many members of his ow party will blame him for y another defeat of the Left.

Dutch to build over 1m homes

By Charles Batchelor in Amsterdam

THE DUTCH Government plans to build more than 1.1m houses over the rest of this decade in an attempt to solve the acute housing shortage. A further 300,000 homes will be renovated.

The programme amounts to a commitment to end the decline in house-building which has been under way since the early 1970s, a Housing Ministry spokesman said. The housing shortage has prompted the growth of an extremely vocal squatters movement which has been involved in several violent confrontations with the police over the past year.

The Government has also announced its intention to transfer greater responsibility for housing policy to the local authorities.

The costs of the programme will depend on how many of the new homes are built privately and how many require state subsidies. In the early years large subsidies will probably be needed as high rates of interest have reduced the number of private housing starts to a very low level.

Estimates of the houses needed have risen during the course of a four-year study as a result of a decline in the size of the average family unit and a larger than expected influx of immigrants. Originally, fewer than 1m homes were thought necessary.

Most will be built in the crowded Ranstad, comprising Amsterdam, Rotterdam, The Hague and Utrecht, where demand is greatest, while expansion will also continue of the overflow towns on the edge of the big cities. About 200,000 of the new homes will replace those which will have to be demolished.

The plan hints at a decline in the quality of subsidised building programmes because of the tight budget constraints under which the Government is working. Dutch public housing schemes have been criticised as being too lavish.

The Netherlands has an official housing shortage of 110,000 homes though unofficial estimates put the real figure much higher.

● The Netherlands revealed yesterday that it has expelled on a charge of spying the correspondent of the Soviet TASS news agency based in The Hague. Mr. Vadim Leonov (31), returned to Moscow on March 8 with his wife and two children, the Dutch internal security service said.

Italian unions still far apart on wage issue

BY JAMES BUXTON IN ROME

THE ITALIAN Prime Minister, Sig. Arnaldo Forlani, was due to meet leaders of the three main trade unions last night, before the government finalises its long awaited package of economic measures which should be announced today. But after a week of fevered discussion, the three unions still seemed far from a common position on the key political issue of the future of the Scala Mobile system of wage indexation. A further six hours of inter-union talks yesterday ended fruitlessly.

A concession by the unions on the Scala Mobile, perhaps by freezing its triggering mechanism to reduce inflationary pressures, could greatly alter the shape of the economic package, which should complement the devaluation of the lira and tightening of the credit squeeze imposed three and a half weeks ago.

It would also be a considerable political success for the battered four-party coalition and this accounts for the Government's patience in the past week in waiting for the three unions to reach a unified position. Should an agreement with the unions appear feasible a further postponement of the announcement of the Government's measures is possible.

But late last week the hard line taken on concessions on the Scala Mobile by the Communist party-orientated CGIL union did not appear yesterday to have moderated. The union argues that the Government should first freeze prices and take a number of other measures before the unions discuss concessions on the Scala Mobile.

This contrasts with the position of the Christian Democrat-leaning CISL which favours proposing to the Government a package of measures including the partial freezing of the Scala Mobile, a price freeze and anti-recessionary economic policies.

The third main union, the UIL, which looks towards the Socialists, has been attempting to bridge the gap between the two other unions with a compromise proposal.

The CGIL appears to have come under heavy pressure from the Communist party not to make concessions to the present Government, which the party wants to bring down. The long-ruling Christian Democrats have been trying to influence the CISL, which initially made the first substantive proposals on the Scala Mobile.

Yesterday, Sig. Vittorio Merloni, president of Confindustria, the industrialists' association, warned the Government against imposing price control in order to reduce inflation. Confindustria favoured the modification of the scala mobile but not its elimination altogether.

But the scala mobile was not the fundamental problem, he said. The raising of industrial productivity was essential for repairing the "devastating effects of inflation."

"If productivity does not rise decisively, no scala mobile, indexation or strike can guarantee the maintenance of real incomes," he declared. To achieve improvements, a weak and divided union movement was not in the employers' interest.

● The seriousness of the economic situation was underlined yesterday with the announcement of another big balance of payments deficit of L1,191bn (£509m) for March. Though less than February's deficit of L1,614bn, the cumulative balance is still substantially worse than last year when Italy recorded a deficit of L8,558bn.

Cardin wants Maxim's under his belt

By David White in Paris

OWNERSHIP OF Maxim restaurant—the Maxim's— under negotiation with Pierre Cardin, head of t prestige fashion house, t proprietors confirmed yest day.

The discussions, involving certain shareholding" in t illustrious restaurant in R Royale, are due to end in t first week of May.

M. Cardin was quoted yesterd as saying that he would th be owner of the premises. F M. Louis Vaudable, proprie with his wife since 19 intends to hold on to majority interest according a proprietors' spokesman.

Maxim's which can claim to the world's most fam restaurant, has been quently rumoured to be for sale.

M. Cardin has had his eyes o for some time, but a take-o bid was held up by an ag ment which Maxim's had w an airport restaurant ch Air Maxim's, giving the la priority rights on any sha that were sold.

Air Maxim's, in which (to another famous name) the Printemps department st has a 25 per cent shareh ing, confirmed yesterday t it had decided not to take its option, which expired few days ago.

Pierre Cardin has had li with the restaurant since 19 when the two made a pact using the Maxim's tradem for a variety of luxury p ducts.

Maxim's food boutiques h been set up, selling go such as champagne and fat goose-liver selected by restaurant. The agreem also covers copies of crockery and table linen u at Maxim's. A chain Maxim's hotels is envisag

The name Maxim's comes Maxim Gaillard, a waite took over what had be up in 1893 as a comm garden bistro.

Maxim's has had its up downs with the resta guides. It does not featu the Michelin guide's se of Paris restaurants.

It does, however, make the rank in the top Gau Millau guide—three hats. "To like Maxim's says, "you have to be received there. To be received, you have to there often. And to go th often, you have to like And they add: "You need a lot of money."

Hopes of higher output in EEC

BY GILES MERRITT IN BRUSSELS

A CAUTIOUS suggestion that the EEC is beginning to climb out of the depths of recession has been made by the European Commission. According to advance results of the latest business trends survey, important sectors of European industry have reported improved production expectations in the first quarter of 1981.

The Brussels analysts warn that average findings from the industrial chief executives interviewed "showed a slightly less pessimistic" outlook on production compared with the second half of 1980. But they add that the steep downward trend in expectations that began at the end of 1979 has been arrested.

For March 1981 four member states—Britain, Ireland, the Netherlands and Luxembourg—reported a "significantly less pessimistic business climate." In France, the indicator that month fell by five points and was only stable in West Germany, Italy and Belgium.

In the motor industries there was some improvement in production expectations for the first quarter of this year, although that was somewhat marred by a fresh weakening in March. Other sectors that registered an improvement in outlook for the first three months of this year included paper and paper products, printing and publishing, ceramics, electrical engineering and the domestic electrical appliances industry.

MEP pressure on multinationals

BY LARRY KLINGER IN BRUSSELS

MEMBERS OF the European Parliament are again pressing for EEC action to control the activities of multinational companies, especially in the area of financial resource transfers through pricing abuses, disclosure of information and mergers.

The Parliament's Economic and Monetary Affairs Committee yesterday agreed on new proposals to be put before the assembly this summer that would would provide a "legally enforceable framework under which multinationals should operate."

The committee chairman, Mr. Richard Caborn, British Labour MEP for Sheffield, complained yesterday that the European Commission had been dragging its feet over concrete proposals on multinationals. However, he said he hoped that the Commission, supported by recent European Court decisions and the expected Parliament resolution this summer, would soon have "greater scope for action."

The proposed parliamentary resolution calls on the Commission to report on transfer pricing abuses. Of particular concern, the committee says, is the need for more pooling of information by member states on "invisibles" such as administration and research and development costs and for a Community-wide system to "neutralise" the effects of varying corporate tax systems in the member states.

The Commission is also asked to report with a year on the proposals that would require multinationals to disclose extra financial information as well as a range of non-financial facts. Those would range from wages and employment, including jobs created or abolished and the number of nationals hired, to "such other reasonable information as is required gy government authorities."

The proposed resolution "insists, as it has done on numerous occasions inthe past," tht member-states act on the Commission's proposals for greater control over mergers and calls for the stricter implementation of competition policy to prevent buses of "dominant positions."

Talks on Basque killings

MADRID— Sr. Leopoldo Calvo Sotelo, the Spanish Prime Minister, held urgent meetings with senior Cabinet Ministers and armed forces chiefs yesterday to review the situation in the Basque country after separatist guerrillas killed three people on Tuesday.

Sr. Pio Cabanillas, Minister at the Prime Minister's office, said that recent security measures had been reivewe but nothing new decided at a morning-long meeting between the Premier and six Ministers.

"I don't know if the killings were in reaction to our anti-terrorist measures," h e said. "But they are pitiful and demonstrate a wil lto continue actions which everyone repudiates."

Responsibilty for yesterday's attacks, in which two retired officers and a businessman were shot dead, was claimed by the radical military wing of ETA and by the self-styled autonomous anti-capitalist commandos, thought to be close to ETA.

Later yesterday, Sr. Calvo Sotelo had talks with the heads of Spain's army, air force and navy, officials said.

Tuesday's events have heightened tension in the northern region four days before the celebration of the Basque national day — on Easter Sunday.

Reuter

How Czechoslovakia's economic problems survived the tanks

BY ANTHONY ROBINSON, EAST EUROPEAN CORRESPONDENT

"FROM A long-range point of view we cannot go on with the existing structure of production, with an excessively wide and diversified industrial complex which cannot be maintained at the required technological and economic standard." This assessment of Czechoslovakia's economic future comes not from the mouth of a dissident reformer but from Mr. Lubomir Strougal, the Prime Minister, who devoted his speech at the Czechoslovak Party Congress last week to a frank analysis of the economic problems facing his country in the 1980s.

Demands for economic reform first welled up in the 1960s, with the growing realisation that Czechoslovakia was steadily losing ground in export markets. This was because of an excessively rigid structure which stifled initiative and the sort of technological changes required to maintain Czechoslovakia's reputation as a supplier of advanced engineering and consumer products.

It was pressure for economic reform which gave much of the impetus to the subsequent political reform movement. But this movement too was stopped in its tracks by the sacking of reformist managers and a return to old methods after the "normalisation" which followed the Warsaw Pact intervention in 1968. In the meantime, the standard of living of ordinary Czechs and Slovaks has been maintained at a relatively high level. Meat and food supplies in shops and restaurants are at a level which are just a memory to most Poles; suburban streets are lined with private cars; and the countryside is dotted with the weekend cottages which have become almost a fetish for many ordinary citizens.

Now the realisation is dawning that Czechoslovakia has been living in something of a fool's paradise.

To a considerable degree, standards have been maintained at an artificially high level by living off the social and economic capital accumulated in earlier years and by Soviet willingness to underpin the Czechoslovak economy by subsidised exports of energy and raw materials.

At the same time, the Czechoslovak economy has been integrated closer into the Soviet economy as new investments have been channelled into petrochemicals, heavy engineering and especially the nuclear engineering industry. The basis for all these industries is the 19m tons of oil, over 8bn cubic metres of gas, and vast tonnages of iron ore and other raw materials shipped in from the Soviet Union.

Now, however, the Soviet Union has made clear it is no longer able to keep supplying ever greater quantities at low prices, and the Czechoslovaks are finally having to face up to the fact that years of cheap and abundant supplies have left them with an energy and raw material-intensive industrial base which is highly wasteful.

Mr. Strougal himself admitted: "In comparison with other developed countries we use between 20 and 50 per cent more energy to produce a given unit of national income and a similar situation exists in the consumption of raw materials, steel, cement and other materials."

Understandably, therefore, greater fuel and raw material efficiency is a hallmark of the new five-year plan. "We must achieve a 2 per cent reduction in energy consumption and a 4.5 to 5 per cent reduction in metals in coming years," Mr. Strougal said. This will have to be achieved in the face of an average 3.4 to 3.7 per cent rise in annual industrial production over the next five years, although this is a substantial reduction from the 5 per cent growth targets of the previous plan.

As elsewhere in Eastern Europe, higher quality rather than greater quantity is the watchword — "The comparability of the standard of our output with world top products must become the decisive yardstick," in Mr. Strougal's words.

But achieving higher quality and greater export penetration means reversing the trend of recent years. Official statistics show Czechoslovakia's share of world trade has dropped from 1.5 per cent in 1965 to 0.9 per cent last year.

Any recovery in market share, furthermore, has to be achieved with the minimum of new investment and the maximum use and modernisation of existing facilities. A major rationalisation of product lines and the elimination of obsolete plant, along the lines pioneered by Hungary, is demanded, together with much greater managerial initiative and worker participation. Two sectors are singled out for special attention: micro-electronics and sophisticated downstream chemicals. Self-sufficiency in agriculture is also called for, to eliminate grain imports.

The problem with these good intentions is that they reflect almost exactly the sort of priorities urged before 1968. They came to grief on party fears that greater managerial initiative would threaten part control and the primacy of the central planners.

It is a problem which Czechoslovakia faced but was forced to fudge in the 1960s and which, like Poland, it faces again today.

It is an ironic commentary on the long-term after effects of the Prague spring that Hungary persevered with the economic reforms pioneered in Czechoslovakia. It is now the most economically and politically stable country in the entire Soviet bloc.

Elsewhere, economic reform was put in cold storage and the decision was taken to import Western capital and technology in an attempt to provide modernisation without pain and without challenging the political status quo. Ironically, it was Poland which took this message most to heart. As a result it now has a $25bn external debt—and all its economic problems are greater than ever before. So much for the use of tanks to solve political and economic dilemmas.

Mr. Lubomir Strougal: the watchword is higher quality, not greater quantity

Further rise in French unemploymen

By Our Paris Staff

LAST PRE-ELECTION fig for French unemploymen the main issue in the pr dential campaign—showed further 3.5 per cent incre in the seasonally-adjus figures for March.

The adjusted total rose 1,663,000 from 1,606,000 stand about 17.5 per c above the level of 12 mon ago. The rise followed an crease of 2.8 per cent February and one of 3.1 cent in January.

According to a quarterly s vey of business opin carried out by INSEE, official statistics instit earlier this month, unemp ment is set to worsen o the next few months.

Job openings last mo showed an increase of 0.5 cent in seasonally-adjus terms to reach 78,300.

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Areas of potential conflict emerge in PM's India talks

BY RICHARD EYANS IN NEW DELHI

THREE AREAS of potential conflict between the UK and Indian Governments emerged yesterday as Mrs. Thatcher and Mrs. Gandhi began a series of talks during the British Premier's four-day visit to India.

They are the difficult state of trade relations, with Britain seeking a significant increase in exports to India at a time when India is already running a *huge trading deficit*, the supply of arms to Pakistan by the U.S. Government, which has Britain's support, and Britain's immigration laws.

All three seem likely to be irritants in the talks that got off to a workmanlike start yesterday with a 90-minute tete-a-tete on world affairs. But the immigration issue is likely to be the most sensitive.

Bilateral affairs will be on the agenda today when there could be promising news on the trade front, but disharmony over race relations and immigration.

Memoranda of agreement are due to be signed between the two Governments on a range of issues, and there are hints that the new steel plant the Indians are preparing to build on the east coast could go to the consortium headed by the Davy Corporation, which includes the British Steel Corporation.

In a banquet given by the Indian Prime Minister last night, Mrs. Thatcher emphasised that there should be much closer industrial collaboration. "Britain has the requisite expertise to work with you in the planning and implementation of large-scale projects in key sectors of the economy, such as coal, steel, power and railways," she declared.

She also emphasised that there was scope for Britain and India to co-operate in more ventures in third countries.

The indications were that yesterday's talks left the two leaders as far apart as ever on arms to Pakistan, which the Indian Government fears will make its neighbour too much of a threat, and on the attitude that should be adopted towards the Russian occupation of Afghanistan.

Mrs. Thatcher continues to be fiercely hostile, while Mrs. Gandhi, who has increasingly close trade and political ties with the Russians, is less willing to demand immediate withdrawal.

Nevertheless, British officials were clearly well pleased with the frank nature of the discussions and the signs that Mrs. Gandhi desires a closer political, as well as commercial, link with the UK.

Saudi visit to test British diplomacy

BY ALAN FRIEDMAN, RECENTLY IN JEDDAH

WHEN MRS. THATCHER touches down in Saudi Arabia on Sunday, she will face one of the most difficult tests of her foreign policy prowess since she took office two years ago. Her negotiations with King Khalid and other Saudi officials will involve Britain in the highly sensitive questions of the role of the PLO in Middle East peace talks, the threat of Soviet expansion in the region, the U.S.-conceived rapid deployment force, and the sale of military equipment by the UK to the Saudis.

Mrs. Thatcher will arrive in Riyadh as the third in a three-week procession of Western leaders. Her visit will follow *those of* Mr. Alexander Haig, the U.S. Secretary of State, and Mr. Howard Baker, the Republican Majority Leader of the U.S. Senate.

According to Western diplomats in Jeddah, it will be Mrs. Thatcher's task to show greater sensitivity to the importance of the Palestinian question than did the American visitors. This is because of the opposition *aroused* by the emphasis placed on the threat of Soviet expansion in the region by Mr. Haig and Mr. Baker.

Mr. Haig promised the Saudis an arms package including the AWACs airborne radar system, KC-135 aerial tankers, "advanced sidewinder" air-to-air missiles and air-to-ground missiles. But he also harped on the theme of Soviet encirclement of Saudi Arabia.

The Saudis are said to have replied that for them the priority issue was the Palestinian question. Prince Saud al-Faisal, the Saudi Minister of Foreign Affairs, noted last week: "We still see Israel as the basic threat. Of course, the U.S. perception of the Soviets is different from anyone else's."

The Prince added that the time was ripe for renewed peace efforts in the Middle East.

When Mrs. Thatcher has departed, it will be time for Mr. Schmidt, the West German Chancellor to arrive. Mr. Schmidt will be faced with pressure from the Saudis to pay less attention to Israel and to sell Saudi Arabia around 300 Leopard tanks, which are said to be useful in the desert.

But West Germany's policy is not to sell weapons to "high tension areas" and it will be difficult to break this rule in the near future. The Saudis, however, are describing such a *sale as* a potential "milestone" in Saudi-German relations. With 25 per cent of its oil supplied from Saudi Arabia, 18,000 to 20,000 German workers in the country and the prospect of an increase in contracts, Mr. Schmidt will find himself in a difficult spot.

Three-nation coal project runs into difficulty

By Richard C. Hanson in Tokyo

THE AMBITIOUS coal liquefaction project being planned by the U.S., West Germany and Japan may have to be reduced to half its original scale because of higher than anticipated costs.

This possibility emerged during two days of official consultations on the $1.439bn (£645m) joint project. The U.S. side, which is providing half of the money, told its partners that estimates of the cost of building the original plant have risen substantially since the three nations agreed to go ahead last July.

A decision on whether to increase the amount of money committed by each partner to pay for the original plan, or to cut the scale of the project, will be made at a meeting, likely to be held in Bonn, in June.

The three nations launched the project last year in an effort to reduce their dependence on oil. The original plan calls for a pilot plant in the U.S. capable of converting daily 6,000 tonnes of coal into about 20,000 barrels of clean burning liquid fuel. West Germany and Japan both agreed to share 25 per cent of the cost, or about $350m each, for the ten-year project.

Part of the cost of the project was to be covered by sales of the fuel to be produced. A study will be carried out before the next meeting to determine if a plant turning out only half the amount of fuel is a financially viable alternative.

Otherwise, the three nations will have to increase their contributions to cover the added cost. West Germany is especially cool to the idea of spending more for the project. Japan, however, which is also passing through a period of fiscal austerity, has expressed concern over making any basic changes in plans.

Before the meeting, which ended yesterday, there were broad hints that all partners were not happy with the project as originally formulated. The U.S. commitment to the project was brought into question by a Reagan Administration decision to switch responsibility for the plant from the Department of Energy to the quasi governmental, Synthetic Fuel Corporation (SFC), set up to explore and develop commercially feasible alternative energy sources. The move was aimed at reducing the U.S. Government budget.

According to present plans, the plant is to be built in West Virginia by an organisation formed by the three partners called Solvent Refined Coal International. Government officials from the three countries have agreed to make a decision on the future of the project when they meet on June 4.

Israeli MP guilty of buying votes

By David Lennon in Tel Aviv

A JERUSALEM court yesterday found former French millionaire Mr. Samuel Flatto-Sharon guilty of buying votes in his successful campaign to be elected to the Knesset four years ago.

Mr. Flatto-Sharon, who was sentenced in 1979 in absentia by a French court to five years' imprisonment for fraud and tax offences in that country, sought refuge in Israel and won election to the Israeli Parliament, thus gaining immunity against French extradition attempts.

The Jerusalem magistrates court found the French fugitive guilty on two counts of election bribery during his 1977 campaign. He is to be sentenced later for having promised low-cost housing to young couples and others in order to solicit their votes.

The judge said that Mr. Flatto-Sharon's entire election campaign conveyed the clear impression that, if people voted for him, he would solve their housing problems. The court also rejected the defence contention that pre-election promises were commonplace *among all* parties of Israel.

Mr. Shulamit Aloni, head of the Citizens' Right Movement in the Knesset, who has fought for his expulsion from the House since the election, said that yesterday's verdict will force all parties to be more careful in future.

Mr. Flatto-Sharon's conviction could lead to the Knesset stripping him of his parliamentary immunity, which would then open the way for a renewed French effort to win his extradition.

However, all this may be overtaken by the fact that Israel is holding general elections on June 30. Despite the court ruling, there is a strong possibility the colourful Mr. Flatto-Sharon will be re-elected this year by Israelis unwilling to see him return to France.

IVORY COAST HAS A LONG-TERM ANSWER TO SHORT-TERM PROBLEMS

Abidjan's unobtrusive oil boom

BY MARK WEBSTER IN LONDON AND T. H. CAMARA IN ABIDJAN

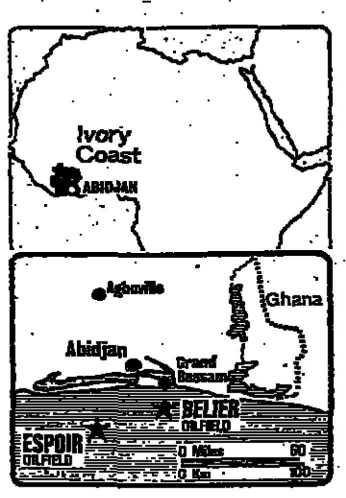
THE RESOUNDING boom of Texan voices is a familiar sound these days in the hotel lobbies of the Ivory Coast's capital, Abidjan. For the men in stetson hats are arriving in force, attracted by the promise of an oil boom in the West African republic.

Although the Government is being cautious about how much oil has been found in Ivory Coast's two offshore fields, most oilmen accept that one day the Ivory Coast will produce more oil than any other West African country except Nigeria.

But even with the oil just over the horizon, the Ivory Coast still has some difficult years ahead if it is to solve its present economic problems, which are partly the result of past errors and partly a reflection of the unfavourable world market prices for its two principal exports—coffee and cocoa.

The Administration of President Felix Houphouet-Boigny (*Le Vieux* or the Old Man to his people) is anxious to play down the oil finds. The Government is afraid that calls for austerity and cuts in living standards will ring hollow if oil is around the corner. It also has to work out a clear policy of what to do with the oil revenues if the Ivory Coast is to avoid the mistakes made in the past by such countries as Nigeria and Gabon.

It is getting harder for the Government to keep the lid on the country's *bubbling* optimism. Planners are already working on the basis that the Ivory Coast will be self-sufficient in oil by the end of 1982 and will be producing some 200,000 barrels a day by the mid-1980s. That is very much in keeping with Abidjan's general air of caution, while more optimistic forecasters put production at 250,000 b/d to 400,000 b/d by *the end of the decade*.



M. Houphouet-Boigny: offshore oil is the answer.

In Abidjan, the Government itself is not allowing thoughts of a possible oil boom to distract it from the bleak years ahead. Until oil revenues begin to flow, the Ivory Coast will continue to have severe budgetary and balance-of-payments problems which it can relieve only by heavy borrowing at home and abroad.

An agreement with the International Monetary Fund for a three-year facility was signed last February, and should go some way to getting the economy back into trim. The Fund is lending the Ivory Coast £266m (SDR484.5m) of which £97m (SDR176.7m) will be drawn down in the first year and the rest split over the following two years.

In return for the Fund's help, the Ivory Coast has agreed to cut its offshore borrowing to £290m (CFA160bn) this year, *almost* half the total of previous years. The Government has also agreed to limit its domestic borrowing from the banking system to £284m (CFA157bn), to take some pressure off the commercial banks' tight liquidity position.

The Fund also recommended price rises in certain basic commodities such as petrol, rice, water and public transport. But raising prices was bound to prove unpopular with the Ivory Coast's volatile urban workforce. Workers recently dealt a blow to the Government's plans for slimming the public-sector industries by staging a series of lightning strikes and by working to rule.

The Administration announced last June that the inefficient and costly public-sector industries would be shaken up, some closed down altogether, some hived off to the private sector, and others brought under greater ministerial control. Part of the plan was to bring salaries for public-sector employees into line with the civil service. After the strikes the Government backed down, and of the 40,000 employees affected by the shake-up, only 1,300 senior staff *will* actually have their salaries cut.

But Western economists do not regard concessions on wages as nearly so damaging to the economy as the Ivory Coast's refusal to sign the International Cocoa Agreement. It is the world's biggest cocoa producer and this year's crop should yield 305,000 tonnes at a conservative estimate.

Yet the *Ivory Coast is* threatening to withhold its crop from the market as it did last year to push the price up. Instead, the price came steadily down and the Ivory Coast's delay cost it around $100m in lost revenues when it eventually sold at very low prices. Economists are afraid the same thing might happen this year.

There is pressure from a number of governments and the Fund to sign the agreement. Although the official date for signing passed on March 31, the back door has been left open until May 31 for accession by the Ivory Coast. The stumbling block to signing is thought to be the President himself, who regards the issue as a matter of principle.

The uncertainty over cocoa is another factor working against the stability which President Houphouet-Boigny is so anxious to perpetuate in the Ivory Coast. After holding elections last year he has put together the governing team he wants, with the veteran politician M. Henri Konan Bedie back in a key position. But there is still a long way to go before the economy is in full working order.

S. Africa faces winter power cuts

By Bernard Simon in Johannesburg

SOUTH AFRICAN electricity consumers can expect power blackouts over the next few months following a cut in supplies from the Cabora Bassa hydro-electric scheme in Mozambique, the Electricity Supply Commission (ESCOM) said yesterday

According to ESCOM, no electricity has been received from Cabora Bassa since last Friday. The cause of the disruption is not known. Cabora Bassa supplies about 10 per cent of South Africa's electricity needs.

The flow of electricity from *Cabora* Bassa has been disrupted several times in the past year. South Africa received no supplies for about two months at the end of last year after two pylons in the 900-mile transmission lines from the dam had been blown up, presumably by Mozambican dissidents. An ESCOM official said the commission was "not sure" when the link with Mozambique would be restored.

The present cut-off is particularly serious because South Africa is entering the winter period of peak electricity consumption.

Meanwhile, a bomb blast severed the railway line to the east coast port of Richards Bay, South Africa's main coal export terminal, on Tuesday night, South African Railways said. The bomb exploded about 20 miles from the port, derailing five goods wagons.

In another incident, a black man was shot dead yesterday by a white motorist near the Sigma Motor Corporation assembly plant in Rosslyn, Pretoria, which has been crippled by a strike of 4,500 black workers for almost a week.

K. K. Sharma, in New Delhi, reports on Government curbs on selected non-essential goods which may make a nominal saving

India restricts imports in its battle against rising trade deficit

INDIA, faced with a trade deficit of an estimated Rs 45bn (£2.4bn) in 1980-81, has reduced what it regards as non-essential imports in its foreign trade policy for 1981-82.

The proposed cuts are marginal considering the size of the trade gap, and the Government claims that the liberal import policy introduced three years ago remains largely unchanged.

This may seem contradictory if it is considered that 42 items have been banned and another 165 placed on the restricted list. But the value involved is small.

The Government hopes to save about Rs 1.5bn in a year. Compared with the trade gap of an estimated Rs 55bn in 1981-1982, the saving is nominal.

The Government has no choice in maintaining its relatively liberal import policy, which retains the free import of 16 major sectors of capital goods, although restrictions have been imposed on import of 45 kinds of machinery and another 47 types have been added to the "free import" list.

The fact is that the import policy, which refers to items needed mainly by private industry, covers goods that account for not more than 10 per cent of India's total imports.

"Maintenance" imports, about which the Government can do little but continue to allow them into the country, account for as much as 81.32 per cent of imports.

"Maintenance" imports include oil and petroleum products, which account for 35.78 per cent of the total, and raw materials and intermediate goods which cover another 21.37 per cent. Others include components and spares (8.29 per cent) metals like iron and steel (12 per cent) and fertilisers (about 5 per cent). These are essential imports.

All the Government is left with is about 10 per cent of the imports. Of these, the most important are complete machinery and equipment. These accounted for Rs 7bn in 1979-80 or about 10 per cent of the total, and for Rs 5.7bn in the period April 1980 to January 1981.

Though restrictions have been placed on these — because indigenous capacity for them is available — the policy on import of capital goods remains liberal.

There is no change in the policy on the 16 major sectors — including power generation equipment, and coal mining machinery — for which global tenders are possible, and which are the most important of the capital goods imports.

In 1980-81, capital goods imports were worth Rs 7bn.

In addition, the policy allows the free import of second-hand machinery and plant for the first time provided this is not more than 10 years old and has a residual life of at least five years.

This opens the door to foreign companies which find themselves with obsolete equipment in Western terms but which India still uses.

Sensibly, the Government has realised that an across-the-board cut in imports could only harm the economy no matter what the present strain on the balance of payments.

Its new policy has a four-fold aim: First, it will provide essential inputs for strengthening the production base and enable make use of surplus industrial capacity which is estimated at more than 45 per cent of the total installed capacity.

Second, the policy seeks to provide greater impetus to exports, hence exporting companies have been allowed incentives in the form of imports provided they improve their export performance.

Third, it seeks to reduce dependence on imports to the extent possible (and hence the limited restrictions announced).

Finally, the policy has simplified and streamlined procedures to remove cumbersome formalities.

Restrictions have been imposed mainly on import of equipment for the cement and sugar industry, and household electrical appliances.

But at the same time, equipment for the increasingly important electronics industry is to be imported freely and a large number of capital goods items have been taken out of the "banned" list as their indigenous production is inadequate.

How long this liberal regime will remain depends on the performance of the economy.

If exports can be stimulated sufficiently to improve the balance of payments, the import policy will remain by and large unchanged. This depends on the removal of constraints on production such as power shortages, transport bottlenecks and labour troubles.

Thatcher comes under pressure from officials as state visit begins

BY OUR NEW DELHI CORRESPONDENT

MRS. Margaret Thatcher, who arrived yesterday in New Delhi at the beginning of a four-day state visit to India is facing pressure from Indian Government officials to redress the trade imbalance favouring Britain in its bilateral trade relations with its former colony.

Two-way trade is estimated at £845m in 1980, with exports from India to Britain standing at £529m, while exports to Britain were worth £315m. The balance has been in Britain's favour since 1978, and the British Prime Minister will be under some pressure to redress this imbalance.

In 1980, exports from Britain were worth £529m while imports from India were valued at £315.9m.

The difficulty is finding sufficient goods to import from India. The pattern of imports has changed and increasingly non-traditional items like engineering goods and clothing are part of British purchases. Yet traditional items like tea, tobacco, and leather still account for the bulk of the imports.

The range of British exports to India has also changed as the Indian economy has developed. Imports from Britain include sophisticated machinery, a variety of steels, scientific equipment and instrumentation as well as a whole range of goods using higher technological components, ranging from ships to truck engines.

The fastest growing areas are project exports and defence sales which usually do not find mention in official lists.

The biggest sale that The biggest sale that Britain has made in recent years is the Jaguar contract won by British Aerospace. Worth almost £1bn, British Aerospace is now in serious danger of losing half the deal to the French who are on the verge of clinching the sale of 150 Mirage 2000s.

The biggest project that Britain is making a bid for is the turnkey contract for the Paradip steel plant in Orissa state, a package offer for which has been made by Davy. But progress has been unusually slow and reports are that the main competitors, Demag Mannesman, are gaining the edge.

The main stimulus to Indo-British trade is now provided by the increasing number of technological collaboration arrangements so that technology is becoming Britain's fastest growing export.

Between 1957 and September, 1980, out of a total of 6,044 industrial collaboration agreements, British companies were responsible for as many as 1,414 or 23 per cent. This despite the restrictions on royalties and difficulties in licensing.

This has led to the establishment of a number of Indo-British ventures and enabled India to make its first bicycle, automobile, aircraft (civil and military), army tank, naval frigate, and oil pipelines. Major British companies like ICI, English Electric, Unilever, Dunlop, Leyland and Rolls-Royce are now well established in India and there are a host of smaller ones.

In some areas, it has been possible to combine a package of aid (Britain is the single largest donor of net aid to India), technical assistance and consultancies as a background to the sale of sophisticated equipment subsequently produced in India.

An important example is the contribution which the British National Coal Board together with British mining equipment suppliers are making towards India's modernisation of the coal mining industry.

Trade is being fostered by such organisations as the Indo-British Economic Committee (at government-to-government level), the British and South Asian Trade Association (BASATA) and various chambers and associations of industry in India.

France wins deal worth £8.8m in Mexico City

BY TONY DODSWORTH IN PARIS

JEUMONT SCHNEIDER, the electrical engineering subsidiary of the Empian Schneider group, has won a FFr 100m (£8.8m) order to provide 150 electrical power units for carriages on the new Mexico City underground.

The agreement follows France's extension of a fresh FFr 1.4bn credit line to Mexico last month for work on the extension of the city's underground network.

This loan, 20 per cent covered by the French Treasury, with the rest held by a bankers' pool headed by the nationalised BNP group, follows previous advances for the project worth about FFr 1.3bn. The new credit line carries a rate of 7.75 per cent over 10 years.

French companies expect to win a considerable amount of work from the Mexico City project, which is aimed at more than doubling the length of the underground lines to about 100 kilometres in 1982.

The main civil engineering work is being undertaken by a Mexican concern with the help of SOFRETU, the overseas contracting subsidiary of the Paris public transport corporation.

Another contract has already gone to Alsthom-Atlantique, the heavy engineering group, for 35 trains of nine carriages. Also involved in the project are Ateliers Nord de la France, Faiveley, Sodeteg, Usinor and Daval.

Three U.S. gas concerns plan Algeria talks

By Paul Betts in New York

THREE U.S. gas companies are planning to start negotiations with Algeria in an effort to resume shipments of Algerian liquefied natural gas to the U.S.

Consolidated Natural Gas at Pittsburgh said that the company, together with two other U.S. gas concerns, Columbia Gas System and Southern Natural Gas, had already notified Sonatrach, the Algerian state hydrocarbons company, that they wanted to open negotiations.

Consolidated Natural Gas said the three companies would seek to work out an agreement "to acquire volumes of LNG comparable to those which Sonatrach had previously been selling to El Paso Natural Gas."

Singapore and Kuwait set up joint company

BY KATHRYN DAVIES IN SINGAPORE

SINGAPORE and Kuwait have set up a joint company, International Petroleum Centre (IRC), with a paid up capital of $2m, which will conduct a feasibility study into a plan to make the state a regional base for petroleum and engineering companies.

Singapore holds a 50 per stake in the new company through the Jurong Town Corporation which administers the island's major industrial estate. The other 50 per cent is held by the Kuwait Real Estate Investment Consortium (KREIC).

Singapore hopes that through IPC Kuwait will agree to participate in the construction of a new industrial complex on an 18 hectare site at Jurong which would attract petroleum-related industries.

At a signing ceremony in Singapore yesterday, KREIC chairman, Mr. Ahmed Al-Duaij, said that no estimates had yet been made of the total cost of such a project, but Singapore officials quote a figure of $500m (£227m).

Singapore is the world's largest oil refinery centre, after Houston and Rotterdam with a refining capacity of 1.1m barrels per day.

Suez Canal ship traffic shows 30% increase

BY ALAN MACKIE IN CAIRO

THE ENLARGED Suez Canal, opened to all but the biggest supertankers last December, is doing better than expected, the Suez Canal authority chairman, Mr. Mashour Ahmad Mashour, said yesterday.

Daily tonnage is 30 per cent higher than levels before the enlarged canal was opened, and revenues are 40 per cent higher for March. They were a record $85m compared with $60m for last November. The encouraging response of shippers to the new canal and the higher tariff structure that was introduced with it, has led the authority to raise its revenue estimate for the coming financial year beginning July by $200m to $1.2bn.

The Japanese company, Penta Ocean, which, with two other Japanese companies was largely responsible for implementing the first phase of the programme, is anxiously awaiting an SCA decision on proceeding with a second phase enlargement programme.

The SCA has shown some reluctance to be pushed into a decision before assessing the results of the first phase and building up its overstretched human resources.

Sweden, Finland to share Saudi order

By William Dullforce in Stockholm

A CONSORTIUM of Swedish and Finnish contractors has won a SKr 400m (£37m) contract from Saudi Arabia to build a giant water treatment plant at Jubail, a new industrial township.

The consortium comprises ABV and SIAB of Sweden and Finland's OMP, with ABV holding a 40 per cent share and the others 30 per cent each. The order was placed by the Royal Commission for Jubail and Yanbo.

The Swedish companies stress the size of the order and the plant. It is to handle all the waste water discharged by the factories to be built at Jubail, which is planned to grow from next to nothing to a town of 400,000 inhabitants over the next 20 years.

Ashland halts Mexico crude supply deals

BY PAUL BETTS IN NEW YORK

ANOTHER major U.S. oil company has ended large foreign crude oil supply contracts in view of the growing glut in the international oil market.

Ashland Oil, the largest independent refiner in the U.S., is understood to have suspended purchases of some 90,000 barrels a day of Mexican crude and an additional 17,000 barrels a day of crude from Cameroon.

The decision of Ashland Oil to halt purchases of Mexican and Cameroon crude follows a similar move by Atlantic Richfield (ARCO) which has confirmed it is ending two Nigerian oil supply contracts early next month, involving a total of 60,000 barrels a day.

Although Ashland declined to confirm it has suspended Mexican and Cameroon crude oil purchases, it is understood that the U.S. oil refiner decided to halt these purchases in view of the relatively high price of the two types of crude.

The current decline in consumption and demand for petroleum products is now causing what analysts describe as a dramatic change in the international oil market, putting pressure on oil-producing countries which are finding it increasingly difficult to dictate the terms of oil supply contracts.

This turnaround in the international oil market is expected to be the key issue at next month's meeting of the Organisation of Petroleum Exporting Countries. Other large oil companies are likely to follow the action by ARCO and Ashland Oil.

U.S. oil industry officials said yesterday that Ashland had retained the option to reactivate its oil supply agreements which are revised every quarter.

But in current market conditions, it is unlikely Ashland would resume Mexican oil shipments in the near future unless it could renegotiate a substantially more favourable price.

Shuttle puts U.S. back in the space race

BY DAVID LASCELLES AT EDWARDS AIR FORCE BASE, CALIFORNIA

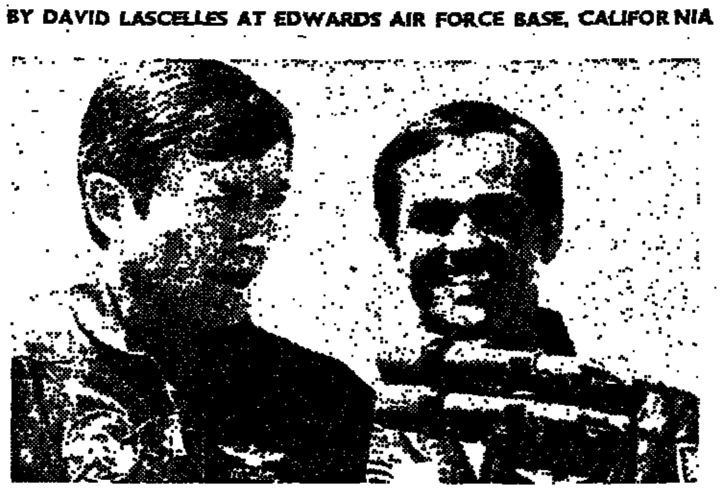
CROWDS MILLING around the sun-beaten NASA research base at Rogers Dry Lake waiting for the space shuttle to land found plenty to help pass the time. There were hangars full of gadgetry laid out on special display, experimental aircraft with wings which flapped or swivelled, aircraft which jumped and nose cones bristling with scientific instruments. It was an impressive lesson in what NASA does with its money.

NASA is not fighting for its life but, like every U.S. Government agency these days, it lives in fear of the budget axe as the new Administration tries to cut federal spending. President Ronald Reagan has said he wants to slash half a billion dollars off NASA's $6.7bn budget next year and hold down increases after that.

Congress has already voted money for four shuttle flights. These will keep the project busy for as long as two years. NASA's problems are, therefore, not immediate. But unlike the Apollo Moon programme and the Voyager mission to the outer planets, which had finite goals, the shuttle is a continuous project which needs constant updating and continuous funding. It will start paying for itself only once orbiters are shuttling to and fro between Earth and space nearly one a week, which is what NASA wants.

The triumphant success of Columbia, whose two-and-a-half day flight removed any doubts that the U.S. had mastered re-usable spacecraft, suggests this is now with NASA's grasp, providing the money is there.

Columbia is already being "tidied up" at the Rogers base ready for a return flight to Cape Canaveral in Florida in a fortnight. The re-usable booster rockets, recovered from the Atlantic Ocean are also being refuelled. With any luck, the next launch wil be in the early autumn, which would give a turnaround time of about six months. But the next mission is to be extended to four days, and the turnaround to be cut to four months. The third flight early next year will last seven days and NASA wants to cut the turnaround even more. That, however, may be difficult.



Astronauts John Young, left, and Robert Crippen at Edwards Air Force Base.

New orbiters — Challenger, Enterprise, Discovery and Atlantis — are being built or designed and NASA needs to know soon how far ahead it can plan. "I hope Columbia will help rather than harm our budgetary chances," said Mr. Deke Slayton, NASA's manager in charge of orbital flight testing at a Press conference after the shuttle's return. It was an understatement, but his caution seemed well advised.

On the face of it, Mr. Reagan seems to share the excitement of millions of Americans about the success of the mission. In a message to the astronauts, Mr. John Young and Mr. Bob Crippen, he said: "Through you, we feel like giants again," suggesting that if nothing else he sees the value of space projects in boosting America's much battered morale.

But NASA officials doubt that this means he is swinging more positively behind space exploration. Mr. Reagan has never taken a strong stand one way or the other and he is obviously not an outright devotee like John Kennedy. But unlike his two predecessors, Mr. Gerald Ford and Mr. Jimmy Carter, during whose Administrations space slipped into the background, Mr. Reagan will have to confront the issue.

Spending billions of dollars on space ships and costly gadgets is bound to be controversial when social programmes are under pressure. Furthermore, NASA has been criticised by some scientists for lavishing billions on the shuttle at the expense of primary space research. NASA retorts that the shuttle will eventually be a great boon to such research.

The tone of Mr. Reagan's budget message suggests that he is impressed by both the scientific and military value of the shuttle and may be prepared to sacrifice experimental programmes (such as aircraft powered by the sun) to see the shuttle established. Reports of Soviet progress with killer satellites must weigh heavily in the balance.

Other foreign policy gains could accrue from the shuttle. The U.S. gains prestige from a re-assertion of its space supremacy. Although even this could backfire if the shuttle triggers a race to put arms in space. U.S. commentators were quick to note that the Kremlin reacted to the Columbia mission by warning about the shuttle's military potential.

In preparing his budget cuts, Mr. Reagan was keen that the axe should fall on as wide an area as possible, over nearly 100 federal programmes. For this reason alone, NASA will not be spared. But for the hundreds and thousands of spectators who sweated out huge pre-dawn traffic jams to see Columbia shoot off and come back, the mission conveyed a special message. This was best summed up by the brawny young man who yelled as the shuttle was roaring off into the sky: "America is back!"

How industry will benefit from experiments in space

BY IAN HARGREAVES IN NEW YORK

NO ONE WAS more relieved than Neville Barter when the 80-ton frame of the space shuttle touched earth safely and spectacularly on Tuesday.

"Everyone here was ecstatic," said Mr. Barter from his office at Space Park, Redondo Beach, California, a couple of hours after the flawless landing. "It's pretty festive here right now. I'll never get anybody to do any more work here this afternoon."

Mr. Barter is one of several hundred scientists and engineers, mainly in the U.S., whose immediate professional past and future has turned on the success of the shuttle's first flight.

Mr. Barter, a 53-year-old English engineer who trained at Vickers but brain-drained to California via Canada in the 1960s, is project manager for materials processing in space unit of the TRW company. TRW makes satellites, motor components and various other high-technology hardware.

That makes Mr. Barter responsible for the $35m contract TRW received from NASA in 1978 to build two "payloads" for attachment to the shuttle on future missions. The first is due to fly in 1984, two frustrating years later than originally planned.

The payloads are, in effect, small automated laboratories. The first will contain a 16-section carousel which will, once the shuttle is outside the earth's atmosphere, rotate a series of subsances through a 1,600-degree furnace, so that scientists can study the melting and solidification process in a weightless, or at least near-zero, gravity atmosphere.

The scientists hope that by studying the way the molten substances solidify and crystals form they will discover ways of making purer and stronger such important industrial substances as glass and metals. Although not yet booked for a specific shuttle flight, there is special excitement about the possibilities of making a purer form of silicon in space. High-purity silicon could enable electronics engineers of the future to corss even more dramatic boundaries boundaries in piling memory functions on to a single piece of silicon. Another area—of direct interest to TRW—is the potential improvement in casting technology, which could make possible smaller and lighter car components, thus saving energy.

Although it is all still in the land of maybe, scientists believe it could eventually be economically feasible to set up space factories for certain high-value substances. But the shuttle will initially be both transport and laboratory for this work. In a second stage, it will be just the transport system to fixed laboratories in space.

For this army of space scientists like Mr. Barter the shuttle programme, despite President Reagan's planned cutbacks in NASA's budget, has put the space programme back into the right orbit.

Industrial production rises 0.4% in March

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

INDUSTRIAL PRODUCTION in the U.S. rose modestly in March, largely because of higher output of cars and trucks.

The 0.4 per cent advance in the index issued by the Federal Reserve follows a decline of an identical size in February and a gain of 0.5 per cent in January. In March, however, the index still stood fractionally below the level of the same month last year.

In the first quarter of this year, industrial production averaged 1.6 per cent more than in the final quarter of last year, which, compounded annually, implies a 6.6 per cent advance for the year.

But the prevailing view is that the economy will turn flat in the months ahead and this gain will not be sustained.

Uncertainty over future sales of cars and trucks is obviously a prime factor. In March, the Fed reported that car assemblies were up 12 per cent, compared with February—though still running at what is, for the U.S. car industry, the historically low rate of 6.5m units a year.

But the latest car sales figures for early April showed a 12 per cent drop from the levels of a year before. The fall, rather steeper than industry experts had predicted, reflected the fact that Detroit had ceased to offer potential buyers the substantial discounts and rebates of February and March.

Mayor of LA improves chances of governorship

BY OUR U.S. EDITOR

MR. TOM BRADLEY, the black mayor of Los Angeles, easily won re-election on Tuesday, and thereby made himself the early favourite to succeed Mr. Jerry Brown as Governor of California.

If he were to triumph in next year's race he would become the first black ever to be elected a state governor.

Mr. Brown has already made it clear that he is interested in contesting the Senate seat now held by the ageing Republican, Mr. S. I. Hayakawa and, if successful, is expected to use this as a launching platform for a presidential bid two years later. Both Mr. Brown and Mr. Bradley are Democrats.

On Tuesday, Mr. Bradley trounced by a two-to-one margin the veteran Los Angeles politician and former Mayor, Mr. Sam Yorty, to win a third four-year term in office as manager of the country's biggest western city.

The popular view in California, however, is that he will not finish this term because of his Senate ambitions.

Costa Rica's Finance Minister resigns

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

COSTA RICA'S Finance Minister, Sr Hernan Saenz, has resigned abruptly over a difference of opinion with the country's President, Sr Rodrigo Carazo, about a programme being discussed with the International Monetary Fund in support of an SDR 246m (US$300m) credit.

The news was greeted with consternation in the international banking community which has been recently growing extremely worried by Costa Rica's precarious financial position. The central bank's short-term foreign currency liabilities exceeded its gross holdings of foreign exchange by $95m at the end of March.

Bankers had been hoping that an agreement with the IMF would allow Costa Rica to boost its foreign exchange reserves by a resumption of medium-term borrowing on commercial markets within the next two months.

Sr Jose Miguel Alfaro the Costa Rican vice-president, told bankers in London that he would be taking over the job of completing the IMF negotiations.

Jamaica in bid to woo investment

By Hugh O'Shaughnessy

JAMAICA is mounting a major international campaign to attract foreign investment and is this week setting up committees of businessmen in Britain and Canada to ensure liaison with Mr. Edward Seaga's government in Kingston.

This was stated yesterday by Mr. Hugh Shearer, the Jamaican Deputy Prime Minister, who presided over a conference for potential British investors held in London on Tuesday.

All government activity connected with new foreign investment in Jamaica is being co-ordinated by Mr. Seaga's Employment and Investment Committee and a committee of U.S. businessmen interested in the island has been established under the chairmanship of Mr. David Rockefeller.

Mr. Shearer, himself a former Prime Minister and at present leader of the trade union wing of the ruling Jamaica Labour Party, said that Jamaica was on the point of signing its agreement with the International Monetary Fund, which would relieve many of the island's foreign exchange problems and allow investors access to import raw materials needed for their operations.

The Deputy Prime Minister said that Jamaica's relations with Cuba would be kept to a strict government-to-government basis but stressed that the island's stance as a leading member of the non-aligned and developing world would not be changed under the Seaga administration.

Mr. Shearer is today in Algiers attending a ministerial meeting of the non-aligned movement.

Hopes of early progress in coal talks fade

By Ian Hargreaves

PROSPECTS of early progress in the recently-resumed talks between striking coalminers and the mining companies have dimmed, after the submission by the union of its proposed revised terms for a three-year contract.

After listening to the union's case in Washington, Mr. B. R. Brown, head of the employers' negotiating team, said the union had sought to re-introduce "seven major items" which had been agreed between the two sides in the terms of a draft contract which the union leadership accepted, but which was rejected overwhelmingly in a pithead ballot.

The two bargaining teams plan to meet again tomorrow but fears are now increasing that the industry is again facing a long shutdown. Three years ago at the last contract renegotiation, miners struck for 111 days.

One of the most difficult issues which the union leadership has to resolve is the question of royalty payments made by the coal companies when they buy non-union coal.

Air traffic controllers hold whip hand in Civil Service dispute at airports

ON A USUAL busy day, London's Heathrow airport puts more than 100,000 people through its three terminals. Even when things go well, the departure areas become overcrowded, tempers shorten and queues lengthen, writes Arthur Sandles.

When things do not go well, the airport creaks towards breaking point. This Easter could be a time when things will not go well.

Should the air traffic controllers join the Civil Service dispute, most of Britain's major airports will grind to a halt.

Provincial airports—where the controllers are employed by local authorities, and are thus not directly affected by the present dispute between the Civil Service and the Government—would continue to operate.

Hindrance by Customs and Immigration officials has a cumulative rather than immediate effect. By delaying the processing of incoming passengers these officials eventually cause an increasing log jam of air and sea movements at terminals and therefore delays of departing aircraft and ships.

The bigger the departure terminal, the greater the problem is likely to be. In Dover, for example, a major reduction in the speed of processing incoming traffic can quickly fill the pre-formalities parking areas and prevent ships from unloading further visitors. At smaller ports, with fewer ships, the problems take longer to show.

In recent years, Dover has seen a massive development of bypass roads which, in theory, keep the traffic jams out of the town itself. In practice, however, people delayed for any length of time start to need food, drink and toilet facilities and thus move into the town and cause congestion.

At both air and sea ports, Immigration officials cause problems by being particularly careful over visitors' papers. If they are working to rule, or if a strike reduces cover to just a few senior officials, the number of checking points is vastly reduced.

Customs officers cause more thoroughly checking their baggage and by reducing the number of officers on duty.

A complete strike is easier to handle than a work to rule. On past form, the Government then installs honesty boxes at Customs points and askes that passengers leave a note of what they are importing so that Customs bills can be paid later.

"I wish we could say what is going to happen," said British Caledonian Airways last night. "We have contingency plans, of course, but the best we can do is to tell people to turn up two hours earlier than they would have done and expect to be delayed. We will do our best."

It is not only in Britain that there are likely to be troubles. A brief flurry with a French air traffic computer causing difficulties yesterday was swiftly over, but the Alitalia pilots' dispute is more serious.

The Italian pilots seek a 100 per cent pay rise, which makes the British civil servants' demands seem reasonably *modest. Most of* Alitalia's 1,800 pilots stopped working on Tuesday. They have threatened to stay out for a week.

Alitalia claims that it is operating nearly half of its domestic and international routes in spite of the dispute. Nevertheless, the impact on Italian airports is likely to be considerable as passengers seek ways of reaching their planned Easter destinations.

If Britain's air traffic controllers do decide to stop work, the British scheduled air fleet will be largely grounded. Normally, the controllers give 24 hours notice *of a stoppage* because of a gentleman's agreement over safety problems. Last night there was no indication that any action would be taken for Easter.

If, however, there is a mind, the main public air traffic control areas would close, leaving only some provincial centres running.

Pilots would then have to make their own minds up about whether it was safe to fly. Without central air traffic control the pilots need good clear skies and the knowledge that they would soon be in foreign airspare. The weather in the South-East has been very good recently and the Easter forecast is favourable. Under the best of conditions, however, only airports to the south and east of Britain could seriously hope to perate anything like normally.

A best the comng weekend will be one of uncertainty. At worst it could be frustrating and even see a grounded Britain.

Brixton weekend rally cancelled

Financial Times Reporters

MEMBERS of the newly formed Brixton Defence Committee yesterday cancelled plans for a rally this weekend.

The plans were announced earlier this week, but community leaders have since had lengthy discussions with police about the possible consequences of such a meeting.

Mr. Rudy Narayan, a member of the committee, said after a meeting attended by more than 100 representatives from the area, that there was an overwhelming feeling that no support should be given to the Scarman Enquiry announced by the Government earlier this week.

Agreement

I cannot say why people do not want to support the enquiry, said Mr. Narayan.

He declined to discuss his comments further: "There was agreement today that there should be no Press conference, just a straight statement," he said.

● Apex Trust, a national charity concerned about crime and unemployment, is asking major industrial companies to sponsor a scheme to help more young people find jobs.

The trust is initiating a £30,000-a-year inner city job promotion programme and has asked six companies to contribute a total of £15,000 a year.

Immigration plea

● Tory MP Mr. William Shelton, whose Streatham constituency is close to Brixton, claimed that Labour policy could lead to more than 1m new immigrants into the UK. He asked Mr. Michael Foot, the Opposition leader, to disown a promise by Mr. Roy Hattersley, Shadow Home Secretary, to repeal the 1971 Immigration Act and the British Nationality Bill when Labour returns to office.

● Scotland Yard said that police found electrical goods worth £100 and "anarchist-type" documents in a raid on a house in Effra Parade, Brixton.

Most manufacturing wage rises now below 10%

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

MOST PAY increases in manufacturing industry are continuing to be settled at less than 10 per cent, latest Confederation of British Industry figures show.

The CBI's pay databank, published yesterday, shows that about two-thirds of the settlements notified during March were in single figures. Since last October, deals in manufacturing industry have averaged between 8 and 9 per cent.

Settlements in the private service sector are running at a slightly higher level. The CBI reports that in retailing, banking, insurance and hotels, deals are mostly for increases of between 10 and 12 per cent.

Comments from manufacturing companies covered by the survey suggest that the level of profits, the inability to pass on wage costs in the form of higher prices and the risk of redundancies are all regarded as "very important" downward pressures on settlement levels.

The CBI figures have been indicating an average level of pay increases in manufacturing in single figures for several months. The Government's earnings indices have also been showing moderation in pay rises in the economy as a whole.

The average earnings index for February, due to have been published yesterday, has been held up by the Civil Service dispute.

The Department of Employment did, however, publish its index of basic weekly wage rates for manual workers. This rose by 11.2 per cent in the year to March to 374.7 (July 1972=100). This compares with an 11.8 per cent rate in February.

In the period since the present pay round began last August, officials estimate the rise has averaged 9½ per cent at an annual rate. So far, 2½m manual workers have agreed to national wage deals, and a year ago this group had awards averaging 20½ per cent.

In March itself basic wages rose by less than 0.1 per cent. But the Department of Employment points out that these basic wage figures do not give a full picture, since they reflect only changes in minimum wage rates and national deals.

The index does not take into account local negotiations or variations in earnings arising from changes in overtime. From next year this index will be discontinued as part of the cutbacks in the Department's statistical coverage.

Three men jailed for swindling Plessey

THREE MEN who helped swindle Plessey telecommunications out of £132,000 were yesterday jailed for between 18 months and three years at Liverpool Crown Court.

They were two former junior managers at the company's plant in Edge Lane, Liverpool, where the fraud took place, and one from an outside engineering supplier.

The court heard during the trial how Plessey paid uncommercial and absurdly high prices to two suppliers for goods and services it never received.

Those involved were John Parker, manager of the plant department's fitting and services section, Norman Mackie, purchasing officer in the plant department, and John Davies, an accounts manager who retired in August 1977 and died the following February.

Their confederates were said to have been Ronald Wilkinson, owner of Anglo-Saxon Engineering (Merseyside) of Birkenhead, and John Cahill, the deceased managing director of Corncroft Engineering (Kingsway), of Heath Road, Widnes, Cheshire.

Parker, 49, and Mackie, 31, both of Allerton, Liverpool, were both found guilty by 10-2 maojrity verdicts of conspiring with two pleople now dead and others to defraud Plessey Telecommunications between December 1975 and August 1977.

Mackie and Wilkinson, 50, of Edgerton Park, Rock Ferry, Merseyside, were also found guilty of conspiring between January and September, 1977, with John Davies and others to defraud the company.

All the defendants had pleaded not guilty to the charges.

Mackie was jailed for three years after Judge Morris Jones said his actions had represented a "grievous breach of trust of your employers." Parker was sent to prison for two years and Wilkinson for 18 months.

Labour 'to restore cuts from ILEA'

BY GARETH GRIFFITHS

SPENDING CUTS by the Inner London Education Authority under Government pressure will be restored if Labour retains control of the authority, said Sir Ashley Bramall, leader of ILEA, yesterday.

The cuts amount to 4.2 per cent of ILEA's total spending. Sir Ashley was outlining Labour's deucation plans for the Greater London Council election at a Press conference.

He said the troubles in Brixton were merely the most striking example of the need for "a massive educational input" covering schools, colleges of further education, the youth service, adult education and the careers service. Labour had developed an "Education for Employment package."

ILEA has been particularly badly hit by the operation of the Government's new grant system. The Labour Left in the authority has pushed hard for it to relinquish its Government grant of £7m this year and become financially independent, relying on the rate precept. It plans to spend £694m this year.

Murdoch to sell colour magazine on Sundays

By Michael Thompson-Noel

A SUNDAY colour magazine version of the Sun, Britain's top-selling daily paper, is to be launched by Mr. Rupert Murdoch's News Group Newspapers and distributed with the News of the World, in a determined campaign to improve Sunday sales. The magazine is intended to halt the decline in NoW sales and to capture a slice of the Sunday colour advertising market.

Projected advertising revenue in a full year is put at £18m.

The magazine will carry pin-ups in an effort to convert the 60 per cent of Sun readers who do not yet buy the News of the World.

"We foresee a lively colour war," says Mr. Bruce Matthews, News Group's managing director, "though how many titles survive is another matter."

The magazine, to be launched on September 6, was partly prompted by last Sunday's launch of a colour supplement by the Sunday Express.

Circulation of the News of the World in March was 4,063,000, against 3,601,000 for the Sun.

The magazine will be aggressively marketed. It is designed to siphon some of the revenue earned by the colour supplements of the quality Sundays — Sunday Times, Observer and Sunday Telegraph.

Full-page colour advertisements will cost a competitive £15,000.

Strike threat at Scotsman

Financial Times Reporter

JOURNALISTS on The Scotsman newspoper in Edinburgh decided yesterday to strike from Saturday, interrupting production of Monday morning's newspaper.

The strike follows the breakdown of pay negotiations, in which Scotsman journalists are seeking pay parity with journalists on other Scottish papers, who, they say, earn about £3,000 more a year. They have rejected a management offer of 11 per cent.

Financial futures market date nearer

BY CHRISTINE MOIR

A FINANCIAL FUTURES Market in London may open its doors by next spring, though a firm date has not yet been given.

Yesterday Mr. John Barkshire, chairman of the working party which has gained Bank of England permission in principle for the market, announced the formation of a 21-member steering committee.

The committee includes representatives of the clearing banks, money-brokers, merchant banks, discount houses, Stock Exchange, London Metal Exchange, and the Bank of England.

The steering committee advertises today for a £30,000-plus-a-year chief executive to take overall charge of forming the exchange. It also wants a secretary and an administration and systems manager, both at salaries of about £20,000.

There is a flourishing financial futures market in Chicago. The London market, it is hoped, will provide a strong alternative to this by being based in sterling terms.

On it investors would be able to buy currencies at fixed rates ahead of their needs, thus hedging their existing positions. The principle is similar to that in the commodities markets, and has recently been adopted in the securities markets through traded options.

Medical complaints trial

A PROCEDURE for handling complaints about the clinical judgment of hospital doctors *and dentists is being introduced* from September 1 on a trial basis, Mr. Patrick Jenkin, the Social Services Secretary, said yesterday.

He said health a uthorities would receive a memorandum of guidance on complaints about hospital services and treatment outlining a procedure for handling complaints about clinical judgment.

The memorandum also contains advice to staff on handling minor problems and criticisms on the spot. And it sets out the recommended way of handling formal complaints, other than those involving the clinical judgment of hospital doctors and dentists.

Mr. Jenkin said: "The new *procedure* provides for complaints which cannot be satisfactorily resolved by the consultant concerned to be investigated by two independent consultants in the appropriate speciality or specialities.

"The responsibility for invoking this procedure will rest with the regional medical officer for the region in question. The two independent consultants will report their findings to the regional medical officer who will advise the district administrator on the terms of the reply to be made to the complainant.

"I *shall* in due course be reviewing this new procedure in the light of practical experience."

Rank Xerox to shed 80

BY ELAINE WILLIAMS

RANK XEROX is to cut 80 jobs at its factory in Welwyn Garden City through voluntary redundancies. The company said yesterday that reliability of its photocopiers has improved so much that it needs fewer workers to make replacement parts. Last December Rank Xerox cut its 2,000 workforce by 90.

Although there has been an increase in orders for its machines the company said: "Only by taking this action now can Rank protect the long-term job security for the majority of its employees."

A further 81 workers were declared redundant by Fiat Allis at the company's engineering factory at Essendine, Lincolnshire, yesterday. The new redundancies bring the total of job losses announced by the company to over 130 this month.

The latest cuts include staff and non-productive workers at the factory, which specialises in earth moving vehicles and equipment.

Parents get tough on pocket money

By Gareth Griffiths

negotiators when it comes to paying pocket money. The youngsters only got an average 14 per cent pay rise last year—less than the rise in prices.

An annual survey commissioned by Wall's Ice Cream and published yesterday, showed that the average pocket money paid to children is £1.13p a week compared to 99p a year ago.

The under 16-year-olds are estimated to have purchasing power of more than £1bn a year in spite of pocket money falling below the rate of inflation for the first time in seven years.

Children in the 8 to 10 age group did best with an increase of 32 per cent from 66p a week to 87p a week. The 11 to 13 year olds got a 21 per cent rise from £1.09p to £1.32p. The 5 to 7-year-olds did worst with pocket money falling by 7 per cent from 59p to 55p.

At the top of the age range 14 to 16-year-olds got a 14 per cent increase from £1.51p a week to £1.73p.

Boys can expect 10p a week more than girls and also get bigger cash gifts

In Wales and the Midlands, average pocket money has fallen by 6 per cent from £1.09p a week a year ago to £1.02p. But pocket money in Scotland and the North has gone up from 90p to £1.18p, a 31 per cent increase. Pocket money in the South increased by 12 per cent from £1.02p to £1.14p a week.

The growth in the informal economy is reflected by the increasing number of children doing part-time work. More than one in five boys now do a Saturday job or a paper round to supplement income. Average pay for this type of work is about £1.50 a week.

Wall's says the survey shows unemployment and the prospect of nuclear war are the issues that most concern teenagers.

Only 25 per cent of boys want to continue their education after 16—and nursing, teaching and secretarial work remain most popular with girls.

Lynton McLain examines the problems facing the rail network

BR loss reflects lack of productivity

BRITISH RAIL's £76.9m loss after interest on borrowings for 1980—the first loss since Sir Peter Parker became chairman in 1976—reflects BR's limited progress towards productivity despite the disappearance of 3,972 jobs since 1979.

But the annual report which records the loss also shows the ability of BR's management to stay within the external finance limits set by the Government for the fifth year running.

Productivity, measured by the number of passenger miles and tonne miles of freight operated by each member of staff, fell over the year by 3.3 per cent. Passenger miles and tonne miles reflect the operational activity of the railways.

The recession cost British Rail between £100m and £120m in lost revenue out of a total income for the year of £2,262m, a figure which includes the £633.6m "passenger service obligation" grant given to BR by the Government to help pay for socially essential rail services.

Rail freight was the worst hit sector of British Rail's activities last year. The net tonne miles (a measure of the distance and the weight of freight moved) operated by trainloads of freight products, such as coal and oil, and wagonloads of separate cargoes, fell by a record 11.3 per cent last year, to 10.9bn tonne miles.

Four years previously, the total was 12.8bn tonne miles and each year since 1976 has seen a steady decline in the movement of freight by rail in Britain.

Last year British Rail moved 153m tonnes of freight, a 9.5 per cent fall compared with 1979 and over 20m tonnes less than was carried in 1976. The steel strike last year cost BR's freight activities £25m in lost revenue but despite this receipts from rail freight business rose by 4.4 per cent to a record £451.3m compared with 1979.

In the rail passenger sector, British Rail had its best year for nine years in terms of the number of passenger journeys. A total of 760m passenger journeys were recorded in 1980, a 1.6 per cent increase on the previous year. Four years previously BR had accounted for 707m passenger journeys. Marketing has included the promotion of "railcards" for families to travel at reduced rates.

Over 2m railcards were issued up to the end of last year and Sir Peter said in the report that the railcard approach to lower fares is a thoroughly commercial way of reducing prices by up to 50 per cent.

Over the past five years revenue from reduced fares, excluding season tickets, has been built up to account for over a third of all passenger revenue.

At the same time BR has received 14 per cent less in real terms after inflation in its government subsidy to aid the passenger railway.

But, although marketing increased the number of passenger journeys again last year, the number of passenger miles operated—passenger numbers and the distance they travel, a measure of passenger movement—fell by one per cent from the 19.9bn passenger miles operated in 1979, which was the highest since the pre-Beeching era in 1961 when the network was 30 per ecnt bigger.

But despite the fall in passenger movements on British Rail and the modest increase of less than 2 per cent in passenger journeys, BR still increased its receipts from passengers by 19.3 per cent to a record £954m. This increase in revenue reflected the 20.5 per cent increase in the average fare paid by passengers for each passenger mile recorded.

These increases came from the imposition of higher fares twice in 1980, once by an increase of 19.6 per cent in January and again by 18.5 per cent in November.

The volume of traffic on the Inter-City routes fell by 2 per cent compared with 1979, but revenue rose by 20 per cent, in line with the higher fares, to reach £460m. British Rail had planned for higher revenue from Inter-City services, but traffic volume was affected by the mid-1980 decline in business travel.

The external finance limit for BR for the 1980-81 financial year was originally set at £750m, but subsequently increased by £40m to help mitigate the effects of the recession. BR said in its annual report that it expected to have stayed within this revised limit, "despite running a railway under the worst economic conditions for 50 years."

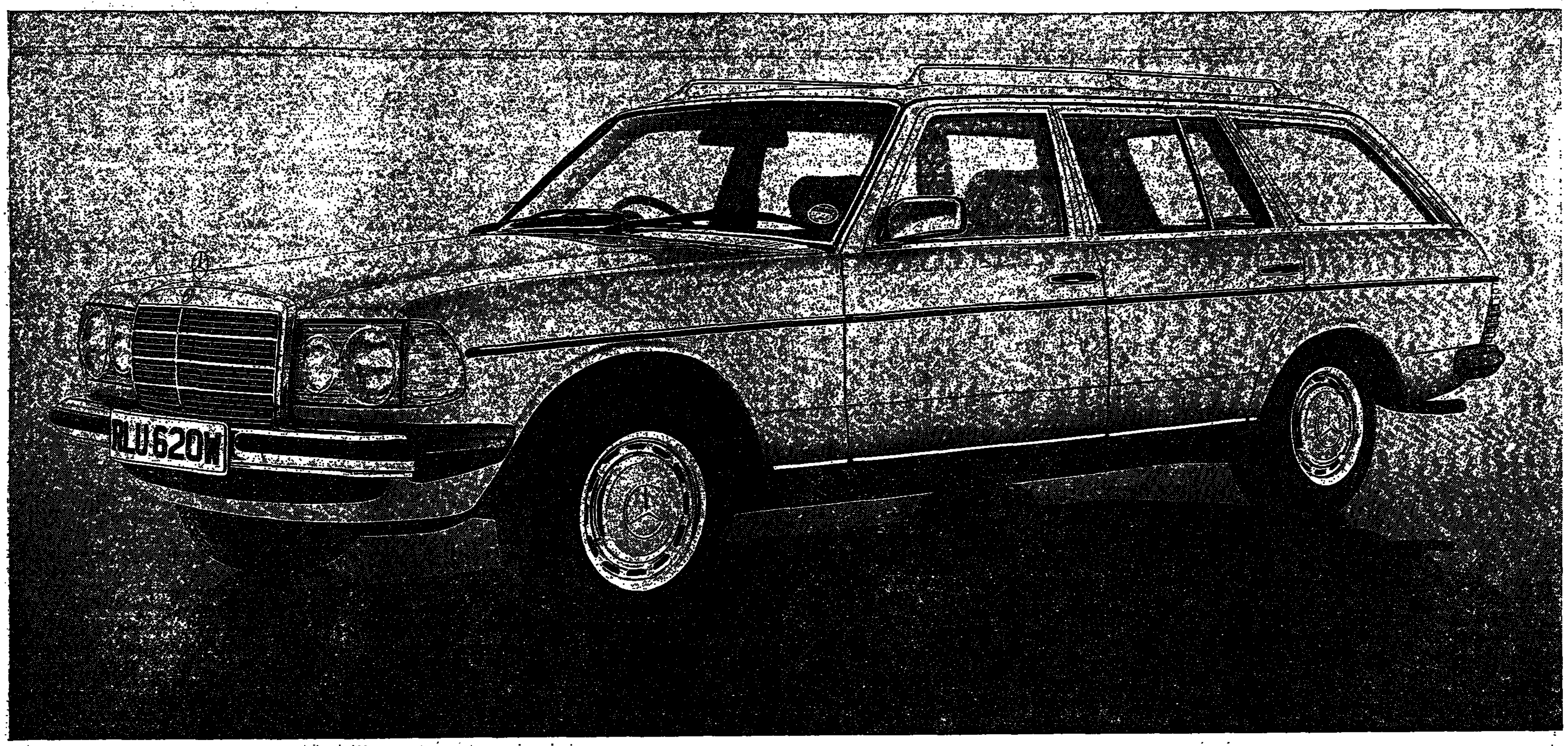
However, after four successive years of operating its passenger network inside the limit of Government aid available under the public service obligation grant (PSO), British Rail last year overshot the PSO grant limit by £6m. This compares with a cumulative surplus of £147m from PSO grants available between 1976 and 1979, which BR has saved the Government by underspending, but which it has no recourse to in succeeding, more difficult years such as 1980.

New initiatives concerned with productivity were at the heart of the 1980 pay negotiations, which increased basic pay rates by 20 per cent in May. The pay talks included a commitment to a programme of change, but BR said in its annual report that "progress was mixed." The total work force of BR's railway operations fell by 3,972 to a new total for the end of the year of 178,059. Total staff, including those in the Sealink, British Rail Property, hotels and hovercraft operations, stood at 239,680 at the end of the year.

PERFORMANCE INDICATORS FOR THE RAILWAYS 1976-1980

		1976	1977	1978	1979	1980	Change, 1980 compared with 1979
Average fare per passenger mile	pence	2.84	3.24	3.66	4.00	4.82	+20.5%
Government grant per passenger mile (at 1976 price levels)	pence	1.83	1.77	1.59	1.69	1.74	+ 1.7%
Passenger miles per loaded passenger train mile		93	94	97	102	97	− 4.9%
Tonne miles per loaded freight train mile		307	324	331	343	338	− 1.45%
Average wagon load (all traffic including Freightliner and National Carriers)	tonnes	22.47	22.99	24.52	25.20	25.83	+ 2.5%
Freight revenue per wagon (at 1976 price levels)	£	1,495	1,613	1,719	1,844	1,818	− 1.4%
Loaded train miles per train crew member per year		6,471	6,602	6,647	6,536	6,700 =18.3 loaded train miles per train crew member per day	+ 2.5%
Train running and terminal costs per loaded train mile (at 1976 price levels)	£	3.02	3.00	3.01	3.12	3.00	− 3.8%
Track maintenance costs per track mile (at 1976 price levels)	£	4,181	4,036	4,188	4,645	4,552	− 2%
Revenue per £1,000 of wage costs (rail and rail workshops)	£	1,163	1,294	1,346	1,297	1,237	− 4.6%
Total administration costs per loaded train mile (at 1976 price levels)	pence	77.4	74.8	75.5	81.3	83.3	+ 2.5%
Productivity—passenger miles/net tonne miles per member of staff employed (rail and rail workshops)	000's	137.2	140.9	144.7	147.8	142.9	− 3.3%

Source: British Railways Board annual report 1980, published April 15, 1981.



THE NEW 2 LITRE MERCEDES-BENZ ESTATE. ASK WHAT IT CAN DO. THEN ASK WHAT IT COSTS.

If you have driven one of the other Mercedes-Benz Estates, you already know some of the things the new 200T can do.

It can function effortlessly as a pantechnicon, farmcart, mobile kennel, ski or canoe transporter, delivery van, game brake or racing tender.

It can do so while remaining an uncompromised, beautifully mannered and dynamically satisfying car. Which is where it moves into territory occupied uniquely by Mercedes-Benz.

What may surprise you fractionally is that, at a constant 56mph* it can travel 35.2 miles while consuming only one gallon of petrol.

If you believe that a Mercedes-Benz Estate is beyond your reach perhaps you should consider the new 200T in detail.

Because it is a Mercedes-Benz, it does not treat people like cargo.

The depth, strength and sophistication of engineering that go into every Mercedes-Benz have produced a large estate that does not shake, rattle or flex its body panels aft of the B-pillar, does not boom, reverberate or resonate whether running empty or full and does not buck and bounce its occupants as if they were no more sensitive than packing cases.

Instead, the new 200T rides, holds the road, handles, looks, sounds, and, naturally, feels like a Mercedes-Benz saloon.

Which, apart from 64.2 cubic feet of cargo space, a 1,367 lbs payload capacity, the ability to ingest objects up to 9 ft 5 inches long, a generous rear door and a handsomely squared off roofline, is precisely what it is.

Five different interior configurations culminating in the first single-seater estate.

The new 200T begins as a spacious five-seat saloon that happens to have 29.9 cubic feet cargo capacity where most cars keep their boot.

With the rear seat folded down, it becomes a sporty two-seater with 64.2 cubic feet of cargo capacity.

With one or other side of that assymetrically-divided rear seat folded, it becomes a three or four-seater with a 6 ft 7 in run of close-carpeted cargo space from the low-loading tailgate to the back of the front seats.

And, uniquely, with one rear seat cushion removed and the front passenger seat fully reclined, cargo space extends as far forward as the 200T's fascia and can accommodate items up to 9 ft 5 inches long.

The estate car achieves a higher plane.

Load the new 200T (with people or cargo or both) and when you start the engine an electronic sensor causes extra hydraulic fluid to be pumped into the rear shock absorbers to restore the car to its most efficient ride height.

Thus the four-wheel independent suspension retains its tenacity and the 200T and its occupants retain their equilibrium even at high speeds on twisting roads.

The safety, comfort and strength all Mercedes-Benz owners take for granted.

Superb handling is merely one of more than 120 safety features and countless contributions to comfort and peace of mind that are built into the 200T.

Others include the rigid steel safety shell, with burstproof door locks that could each support the weight of the entire car. Four-stage collapsible steering. Ergonomically engineered and sited instruments and controls. Scientifically designed seats with upholstery that 'breathes'. A divisible heating and ventilation system that permits passengers to doze while the driver stays alert.

And you may want to consider the remarkable optional extra called ABS – the computerized anti-lock braking system that is available across the entire Mercedes-Benz range of estate and saloon cars.

However, before you decide that you do want the new Mercedes-Benz 200T, compare it briefly with the other Mercedes-Benz Estates that share the same uncommon attributes.

The 104mph, 35.2mpg* 200T Estate owes its remarkable performance to a totally new 109 DIN/h.p. single overhead camshaft engine and a new lighter and more efficient four-speed gearbox which, together, contrive to make many large estates of other marques seem over-engined.

The even livelier 230TE Estate has a similar new cross-flow light alloy head engine, though 300 cubic centimetres larger and with the added efficiency of fuel-injection. Its top speed is 112mph and yet, it can return 33.6mpg at a constant 56mph*

The extremely quick 280TE Estate has a fuel-injection twin overhead camshaft six-cylinder engine that permits it, where legal, to shift your goods and chattels at 121mph. If you are in less of a hurry, it can cover 25.9 miles for every gallon of petrol consumed at the yardstick speed of a constant 56mph*

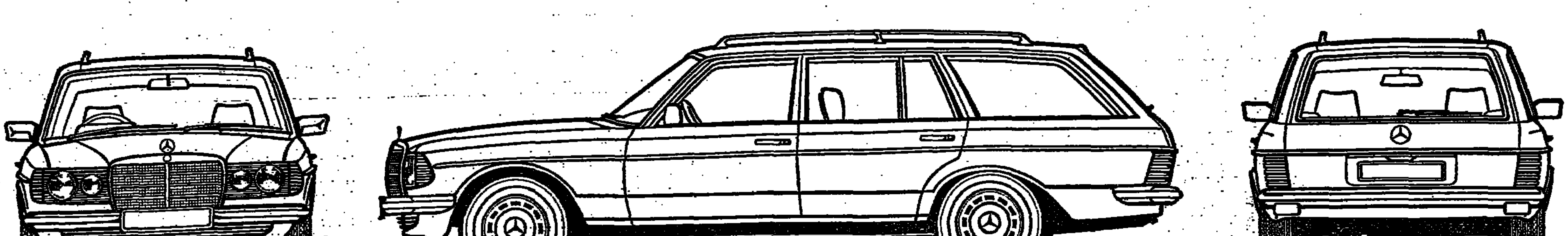
Now ask how much it costs.

The new 200T costs £8,950. Not a lot when you consider what you get for it. Still in doubt?

Your Mercedes-Benz dealer will be happy to offer you a very persuasive test drive.

Please bring your own load.

ENGINEERED LIKE NO OTHER CAR IN THE WORLD.



*Official fuel consumption figures for the 200T, urban cycle 22.5 mpg (12.6 litres/100km) manual and 22.7 mpg (12.4 litres/100 km) automatic. At a constant 56 mph, 35.2 mpg (8.0 litres/100 km) manual and 33.2 mpg (8.5 litres/100 km) automatic. At a constant 75 mph, 27.5 mpg (10.3 litres/100 km) manual and 26.0 mpg (10.9 litres/100 km) automatic. For the 230TE, urban cycle 20.2 mpg (14.0 litres/100 km) manual and 20.8 mpg (13.6 litres/100 km) automatic. At a constant 56 mph, 33.6 mpg (8.4 litres/100 km) manual and 32.1 mpg (8.8 litres/100 km) automatic. At a constant 75 mph, 26.7 mpg (10.6 litres/100 km) manual and 25.0 mpg (11.3 litres/100 km) automatic. For the 280TE, urban cycle 16.4 mpg (17.2 litres/100 km) manual and 16.5 mpg (17.1 litres/100 km) automatic. At a constant 56 mph, 28.8 mpg (9.8 litres/100 km) manual and 25.9 mpg (10.9 litres/100 km) automatic. At a constant 75 mph, 23.2 mpg (12.2 litres/100 km) manual and 21.1 mpg (13.4 litres/100 km) automatic.

Anglo American Investment Trust Limited

(Incorporated in the Republic of South Africa)

Preliminary Profit Announcement and Balance Sheet and Notice of Final Dividend on the Ordinary Shares.

Subject to final audit, the abridged income statement for the year ended March 31 1981, and the abridged balance sheet at that date, are as follows:

Income Statement

	Company and associated company 1981 R000	1980 R000
Income from associated company and other investments	93 151	91 899
Interest earned	495	371
	93 646	92 270
Administration and other expenses	1 263	1 125
Profit before taxation	92 383	91 145
Taxation	188	137
Profit after taxation	92 195	91 008
Preference dividends	300	300
Profit attributable to ordinary shareholders before share of retained profit of associated company and extraordinary items	91 895	90 708
Share of retained profit of associated company	134 081	130 000
Profit attributable to ordinary shareholders before extraordinary items	225 976	220 708
Ordinary dividends:		
Interim No. 81 of 260 cents a share	26 000	23 000
Final No. 82 of 630 cents a share	63 000	63 000
	89 000	86 000
	136 976	134 708
Extraordinary items:		
Surplus on realisation of investment	—	13 945
Share of associated company's extraordinary items	—	(3 770)
	—	10 175
	136 976	144 883
Appropriations to reserves:		
Non-distributable reserve	134 081	126 230
General reserve	2 800	18 000
	136 881	144 230
	95	653
Unappropriated profit, March 31 1980	4 186	3 533
Unappropriated profit, March 31 1981	4 281	4 186

Balance Sheet

	Company and associated company 1981 R000	1980 R000
Capital	10 000	10 000
Non-distributable reserve	260 311	126 230
Distributable reserves	79 081	76 186
	349 392	212 416
Represented by:		
Interest in associated company	330 049	195 968
Listed—Market value R898 573 000 (1980: R942 287 000)		
Investments	11 656	11 656
Unlisted—Directors' valuation R105 666 000 (1980: R101 526 000)		
Loan portion of taxation	112	106
	341 817	207 730
Current assets		
Debtors	55 237	58 923
Holding company:		
Loans fixed and at call—Anglo American Corporation of South Africa Limited	15 564	8 916
Cash at bank	30	18
	70 831	67 857
Current liabilities		
Shareholders for dividend	63 000	63 000
Creditors	256	171
	63 256	63 171
Net current assets	7 575	4 686
	349 392	212 416
Number of ordinary shares in issue	10 000 000	10 000 000
Net asset value per share—cents	10 069	10 436
Earnings per ordinary share before extraordinary items:		
Excluding share of retained profit of asscoiated company—cents	919	907
Including share of retained profit of associated company—cents	2 260	2 207
Dividends per ordinary share—cents	890	860

Note:

In respect of the 1981 financial year the company has adopted the equity method of accounting for investments in associated companies. For this purpose an associated company is one in which the company holds, as a long-term investment, from 20 per cent to 50 per cent *of the equity capital. For comparative purposes the 1980 figures have been restated accordingly.* The company's share of the annual retained profit of its only associated company, De Beers Consolidated Mines Limited, is transferred to non-distributable reserve.

Final Dividend

A final dividend (No. 82) of 630 cents per ordinary share (1980: 630 cents), for the year ended March 31 1981, has been declared payable to shareholders registered in the books of the company at the close of business on May 1 1981. This dividend, together with the interim dividend of 260 cents a share declared on October 3 1980, makes a total of 890 cents a share for the year ended March 31 1981 (1980: 860 cents).

The ordinary share transfer registers and registers of members will be closed from May 2 to May 15 1981, both days inclusive, and warrants will be posted from the Johannesburg and United Kingdom offices of the transfer secretaries on or about May 27 1981. *Registered* shareholders paid from the United Kingdom will receive the United Kingdom currency equivalent on May 19 1981 of the rand value of their dividends (less appropriate taxes). Any such shareholders may, however, elect to be paid in South African currency provided *that any such request is received at the offices of the company's transfer secretaries on or* before May 1 1981.

The effective rate of non-resident shareholders' tax is 14.9391 per cent.

The dividend is payable subject to conditions which can be inspected at the head and London offices of the company and also at the offices of the company's transfer secretaries, Consolidated Share Registrars Limited, 62 Marshall Street, Johannesburg 2001 and Charter Consolidated Limited, Charter House, Park Street, Ashford, Kent TN24 8EQ.

General

It is expected that the forty-fifth annual report of the company in respect of the year ended March 31 1981 will be despatched to members on or about April 30 1981.

By order of the Board
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
Secretaries
per: W. Q. Nicol
Divisional Secretary

Head Office:
44 Main Street
Johannesburg 2001

London Office:
40 Holborn Viaduct
London EC1P 1AJ

April 15 1981

Courtaulds to end Vincel production

BY RHYS DAVID

COURTAULDS, THE textile group, is suspending production of Vincel, one of its speciality viscose fibres, and will resume manufacture at its Greenfield plant in North Wales only if *there are signs of* an improving world market for the product.

The move, which has surprised Courtaulds' customers and competitors, is being made, the group claims, because of the over-capacity in high strength viscose staple types like Vincel. Two European groups, Lensing in Austria and Kemira Oy Sateri in Finland, are investing in high strength viscose and this, according to Courtaulds, is likely to depress prices for some time.

A further explanation being offered by the group is the need to reduce the product range at Greenfield, where a £9m investment programme, suspended earlier this year and then restarted, is due to be completed in July.

The plant, which has significantly reduced its manpower over recent years, makes Viloft, a new absorbent viscose, Durafil, an intermediate high strength fibre, Evlan, a carpet fibre, and Sarille, used in non-woven applications, as well as Vincel. It would be easier to achieve the necessary improvements from the new plant now being commissioned with fewer products coming off the *lines,* Mr. Dennis Warren, chairman of the viscose division, said yesterday.

Vincel, technically a high-wet modulus fibre, emerged from Courtaulds' laboratories as part of a strategy of developing new viscose fibres with special properties which could command a higher price in the marketplace. It is thought to have been an important profit-earner over recent years for the group, which has relied on its viscose operations *as a* whole for the bulk of its profit from fibres.

As a fibre, Vincel has been used mainly in blends with cotton and polyester in household textiles and garmets. But in some of these uses, according to Courtaulds, it can be satisfactorily replaced by less sophisticated viscose types.

The group claims, it duplicates, rather than adds to, the properties of polyester which is also a strong fibre. The company will be urging customers who have been using it with polyester to switch to another speciality viscose manufactured at Greenfield—Viloft—which offers the complementary *property of absorbency.*

Vincel currently accounts for about 5-10 per cent of Courtaulds' UK viscose output of about 110,000 tonnes, and the company says it has the ability to switch back into it if necessary.

Although it is dropping Vincel, Courtaulds claims to be still optimistic about the future for viscose staple generally. The group has a further UK plant at Grimsby and operations abroad in France and the U.S., taking its total capacity to more than 200,000 tonnes and placing it in the top of the world league of viscose producers.

The product is made from wood pulp which in Courtaulds' case is supplied by a directly-owned subsidiary in South Africa. This raw material is expected to enjoy an increasing cost advantage over the oil-based feedstocks used in the manufacture of polyester, nylon and other *synthetics.* "There is a lot to be said for a fibre that is derived from the sun's energy," Mr. Warren said yesterday.

Continued strong demand for basic grades of viscose—manufactured at Grimsby—is also expected from the Far East. Although it has its own viscose production, India has been im*porting up* to 150,000 tonnes a year of viscose, much of it from Courtaulds, to blend with its cotton to improve quality. This *market,* which has been affected by recession, has now picked up and Courtaulds claims its viscose plants are working at *high capacity.*

● ICI is to launch a superfine polyester filament yarn at the Insterstoff fashion and fabric exhibition in Frankfurt next month. The company announced last autumn that it would be withdrawing from mass market polyester filament yarns and would concentrate on speciality products. ICI has been working with a number of weavers in the UK, France, Germany, Italy, and Scandinavia on fabrics incorporating the new yarn, which is likely to be used mainly in blouses and separates.

Quarter of industry's profits go to taxman

By Peter Riddell, Economics Correspondent

BRITISH INDUSTRY is paying just over a quarter of its profits in company taxes, new Treasury estimates show. But if the *profits* are adjusted for inflation, the proportion rises to nearly two-thirds of profits.

An article in the latest issue of the Treasury's Economic Progress Report discusses the incidence of company taxation in the UK.

The estimates are *tentative* and show the effective as opposed to the nominal rate of corporation tax (currently 52 per cent for *all but small* companies) on UK business profits both on an historical cost basis as measured in conventional company accounts and on a current cost basis after adjusting for inflation.

The figures show that the recent effective rate of *tax* on home industrial and commercial companies (excluding North Sea oil and gas production) was 27 per cent *in 1979* on the basis of historical cost profits and 64 per cent on the basis of inflation - adjusted profits.

If Advanced Corporation Tax (reflecting dividend payments) is excluded, the figures are 16 and *39 per cent respectively.*

The estimates suggest that the effective rate of UK tax on real profits after adjusting for inflation is higher than the rate on taxable profits. The latter is higher than the nominal rate of 52 per cent because taxable profits are not always sufficient to allow a full offset of ACT.

The figures are also broadly consistent with other estimates suggesting *that* the proportion of home industrial and commercial companies having taxable profits and the proportion having real profits have been of the same order—perhaps two-fifths.

These estimates refer to the total burden of tax on net profits of the corporate sector as a whole (after deducting losses) rather than *the* effective rate of tax on the profits of those companies presently making profits.

The difference is likely to be marked though it is not possible to make a reliable estimate of the rather smaller burden of tax on the profits of companies presently making profits.

Manufacturing industry has made the biggest contribution to corporation tax, accounting for 36 per cent of the total on average between 1974-75 and 1979-80. The financial sector accounted for 28 per cent and distribution for 17 per cent.

Corporation tax has recently been much less buoyant than *income tax, reflecting the trend* of company profits. Yet it is still the third largest source of revenue after Income Tax and Value *Added* Tax.

Court bars racial probe on council housing

THE London Borough of Hillingdon won a High Court action yesterday to stop the Commission for Racial Equality investigating its housing practices.

Mr. Justice Woolf found for the council only on the last of five grounds of complaint—that the terms of reference framed by the Commission were too general and wide-ranging.

The Commission said later: "We will now consider whether to revise the terms of reference and start again." It would also *consider* an appeal.

The judge rejected the council claim that there was no material on which the *commission could properly form* the belief that there might have been discrimination. He said the way in which a Kenyan *family arriving at Heathrow* in November 1978 was treated by Mr. Terry Dicks, Hillingdon's Housing Committee chairman, *could have been a basis for such* a belief.

Mr. Dicks, apparently annoyed by a promise by the British High *Commissioner* in Kenya that accommodation would be provided in the UK, put the family in a taxi, which he paid for, and sent them to the Foreign Office.

"Clearly somebody had taken care to ensure the Press were fully informed about the visit to Whitehall," said the judge.

"The unfortunate family were not only deposited in a bizarre fashion at the Foreign Office, but were subjected to what must have been an extremely distressing experience as a result of the attention of the media."

A comparison between the way the Kenyan family was treated and that for a white family could also have been the basis for a belief that there was discrimination.

Hillingdon Council had the heavy responsibility of dealing with many people who entered the country through Heathrow, and might be entitled to the benefit of the Housing (Homeless Persons) Act.

"Clearly this is a matter about which members of the Council have been unhappy for some time."

The judge found that the commission did not depart from standards of fairness in its dealings with the council before its final decision to embark on the inquiry.

Hillingdon Council was awarded two-thirds of its costs.

Gareth Griffiths writes: Liverpool City Council is to start an equal employment programme for ethnic minorities, who say the council discriminates against them in terms of jobs and services. A council survey showed there were 169 "black" workers among the 22,000 municipal employees.

Bail should be granted more often

Financial Times Reporter

THE NATIONAL Association for the Care and Resettlement of Offenders (NACRO) is calling for a reduction in the number of defendants remanded in custody by greater use of release on bail.

Using the latest Home Office statistics, NACRO says that of the 63,865 people remanded in custody in 1979 1,408 were found not guilty; 21,833 were fined, put on probation or given community service orders; and 32,497 were sent to prison.

Miss Vicien Stern, director of NACRO said: "Defendants remanded in custody lose their liberty, may lose their employment and *accommodation,* are placed at a disadvantage in preparing their cases for trial, and await trial in grossly unsatisfactory conditions. Yet 40 per cent of those remanded in custody are later acquitted or receive non-custodial sentences."

Unit trusts have another good month with sales of £76.44m

BY TIM DICKSON

UNIT TRUSTS had another good month in March. Sales, excluding the conversion of investment trust and other assets into unit trusts, amounted to £76.44m—not far short of the monthly record of £84.57m set in February.

Repurchases (units cashed in) were also up at *£39.4m* (£29.84m in February), leaving net new investment of £37m (£54.73m).

The total value of funds at £5.5bn in 475 authorised unit trusts was the highest recorded.

Sales figures published by the Unit Trust Association yesterday include an extra £22.8m from the unitisations of the Schroder *Australian International* Investment Trust and part of the Hill Samuel Life Managed Fund and the Hill Samuel Life Fixed Interest portfolios.

Unitisations are *increasingly* common these days as more and more investment trusts seek to reduce or eliminate the discount between their share price and net asset value. They are considered by unit trust managers to be "exceptional" items *and* do not necessarily reflect public demand for unit trusts.

Including unitisations in yesterday's figures, total sales and net new investment in March were monthly records.

First quarter figures also published yesterday, show that unit trusts got off to an excellent start in 1981. Total sales in the first three months of the year came to £247.7m, compared with £95.9m and £127.9m in the equivalent periods of 1980 and 1979. Net new investment this year of £150.9m is a big change from the £9.1m outflow at the same stage in 1980 and the £20.3m net intake by the end of March 1979.

Another encouraging statistic for unit trust managers is the third successive monthly jump in the number of direct unit-*holdings.* These reached a new low of 1.721m in December after a steady 10 year slide — but at the end of March the *figure had recovered to 1.748m.*

Signs seen of end to recession in London and South-East

BY MAURICE SAMUELSON

THE RECESSION appears to be ending in London and the South-East and prospects are better than at any time in the last 18 months, the London Chamber of Commerce and Industry said yesterday.

Its forecast of an early improvement in the area's *economy is based on its 18th* Trend Survey of Manufacturing Industry. The survey, carried out in February and March, *covered more than 360* companies, most in the engineering sector. Many of the companies employ fewer than 200 workers.

Mr. Gabriel Irwin, who compiled the report, said in some sectors the improvement had either already begun or looked as though it was about to begin. "The outlook is very promising," he said.

The report *said most of the* main indicators showed an easing of recessionary trends; the number of companies reporting lower domestic orders had fallen considerably; rates of destocking and purchasing cuts had slowed; and there appeared to be a general improvement in investment plans.

The employment figures were also encouraging, with more companies increasing labour forces or declaring fewer redundancies.

Business confidence was also improving, with almost 40 per cent of companies reporting they were more hopeful than at the end of 1980.

Exports had held up reason*ably well during the recession,* although more companies had reported a fall in export orders.

Less *encouraging were the* signs of price increases on the way. Apart from wage awards, companies blamed this on energy and nationalised industry service costs.

Within the general picture, different sectors of industry showed varying trends. Mechanical engineering, food, drink and tobacco and instrument engineering were relatively badly off. Office machinery and data processing equipment and other metal goods industries showed a brighter picture.

Rubber and plastics industry exports had started to revive *and export prospects were stable* for food, drink and tobacco and the paper, printing and publishing industries.

Eighteenth Trend Survey of Manufacturing in London and the South-East: LCCI Economic Research Unit: 69, Cannon Street, London, EC4N 5AB.

ORDERS AND PRODUCTION LEVELS

Balance of companies reporting increases against companies reporting decreases (percentage)

	Feb. 79	Jun. 79	Oct. 79	Mar. 80	July 80	Nov. 80	Mar. 81	(projected) July 81
Domestic orders	+38	+33	+28	+8	−35	−43	−21	+14
Export orders	+19	+4	+6	+10	−3	−11	−14	+9
Production levels	+33	+35	+22	+12	−17	−27	−18	+8

"General trends indicate that the trough of the recession is now being reached. Business opinion suggests that an upturn in the economy will get under way in the second half of 1981"—(LCCI).

Domestic furniture output stays low

BY JAMES McDONALD

THE AMOUNT of furniture produced by British manufacturers continued at a depressed level in February according to Department of Industry statistics published today in the magazine British Business.

The seasonally adjusted index of deliveries (1975=100) for three months December to February, at an average of 86, was 3.3 per cent below the already depressed level of the previous three months and was 14.6 per cent less than in the same period in 1979-80.

The index of manufacturers' orders on hand at the end of February, at 50, was 4 per cent lower than at the end of January, while the average for the three months December to February, also standing at 50, was 13.8 per cent less than in *the previous three months* and 28.5 per cent lower than in the same period a year before.

Depressed conditions in the footwear industry are also reflected in the latest Industry Department statistics. In the *three months to end January,* deliveries were 3 per cent lower on a seasonally adjusted pairage basis than in the previous three months.

Net new orders in November-January were 2 per cent fewer than in the previous three *months, while the index of* output in the three months to end January was 8 per cent down on the August-October level.

Charlton Leslie wins £5m. Marathon order

By Sue Cameron

CHARLTON LESLIE OFFSHORE, *based at Tyneside,* has won an order worth between £5m and £6m for electrical switchgear for Marathon Oil's *Brae field in the North Sea.*

Charlton Leslie Offshore, part of the BTR group, is building the production train, gas compression and *utilities* modules for the Brae field. The latest contract brings the value of orders placed with Charlton Leslie by Marathon Oil (UK), the operator on the Brae field, to £23m.

The electrical switchgear module is scheduled to be moved from the Tyne next April. Like the other three Brae field modules, it will be built at Charlton Leslie's Wallsend yard at Tyne and Wear.

The Brae field, which is on Block 16/7, is estimated to have recoverable oil reserves of between 425m and 625m barrels and up to 750bn cu ft of gas.

Pitt Atlas sold for £13,000 at Christie's

SALEROOM

BY ANTONY THORNCROFT

A COPY *of "The English Atlas"* by Moses Pitt in four volumes, published at Oxford between 1680-82, sold for £13,000 at *Christie's yesterday* to Traylen, the Guildford dealer. It was part of the collection of the late Eric Sexton of Maine which realised *£80,225 for 200 lots.* A copy of the fourth folio of Shakespeare, of 1685, made £5,200 to Burgess, the London dealer.

On Tuesday night in New York, Sotheby's disposed of the jewels collected by the late Mrs. George Lurcy *of North Carolina.* The 60 lots went for £716,188, with a top price of £133,270 for a ruby and diamond necklace of *1930,* while a similar necklace made by Cartier in 1935 sold for £114,890.

In the London Old Masters auction, Richard Green, the London dealer gave £11,000 for Ornamental Fowl and Pigeons in a landscape by Pieter Casteels.

Grants to students improved by 7%

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

A 7 PER CENT rise in the maintenance grants of about 390,000 students was announced in the House of Commons yesterday by Mr. Mark Carlisle, Secretary for Education and *Science.*

The increase will bring the total cost of maintaining students taking degree-level courses *in England,* Scotland and Wales to an estimated £485m a year.

Mr. Dave Aaronovitch, president of the National Union of Students which had wanted a 21 per cent increase, has said that a 7 per cent rise would lead to "strikes" and other protests in higher educational institutions.

For students living at home *while on their course, the main* rate of grant will increase from £1,125 to £1,180. For those living away while studying in London, the *main* rate *will* rise from £1,695 to £1,825; and for those living away while on courses elsewhere from £1,430 to £1,535.

Mr. Carlisle also confirmed that the Government had shelved its proposal to replace the system of awarding grants to *cover the whole of students'* maintenance costs, by a mixed system of grants and repayable loans.

While there would be "considerable merit" in a mixed system, the change would initially be more expensive than the Exchequer could afford, he said.

The abolition of the parental contributions would initially cost public funds an extra £100m to £150m a year.

Spending review will aim to secure better value for money

Michael Donne looks at the budgetary pressures affecting arms buying

A REVIEW of defence spending, to seek better value for money, will be undertaken over the next few months.

This is revealed in the Annual Defence White Paper, issued yesterday. It says successive budgetry pressures have meant cuts in procurement, which have upset the balance in defence spending. Too much money is being tied up in "*weapons platforms*"—*ships*, aircraft and land vehicles—and not enough spent on the weapons and sensors they need to carry.

"The economic pressures generated by the current recession, and the faster industrial deliveries of major equipments, have also led to deep cuts in procurement of ammunition, fuel and oil and essential spares so that activity—training and certain deployments—has been *held back too severely*.

"We must re-establish in the long-term programme the right *balance between the inevitable* resource constraints and our necessary defence requirements," says Mr. John Nott, *Defence Secretary*.

In a foreword to the White Paper, he says that "we need, *therefore, to look realistically*, and with an open mind, at the way in which our forces fulfil their roles.

"I shall be considering in the coming months with the Chiefs of Staff, and in consultation with our Allies, how technological and other changes can help us fulfil the same basic roles more effectively in the future, without the massive increase in real defence expenditure which the escalation of equipment costs might otherwise seem to imply."

Nuclear role

The Defence Budget for 1981-82 amounts to £12,274m. which is equivlent to £9,753m at 1980 Survey Prices. This allows for the £200m cut *announced in November*, last year.

The estimate represents an increase of 8 per cent at constant prices over the out-turn for 1978-79, and 5 per cent over 1979-80. The relationship between 1980-81 and 1981-82 will depend on the out-turn for 1980-81, which is still uncertain.

The White Paper says that in spite of drastic measures to curb spending last year, it was necessary to seek an additional £376m, which is expected to be offset by cuts in spending of £113m.

The White Paper makes it clear *that in the review that will* be undertaken, it is not intended that the UK should abandon any of its defence roles. It will *not, for example*, choose between "maritime" and "Continental" roles. It will retain its nuclear role (the least costly), ensure the direct defence of the UK, make the main contribution to the European *Alliance's maritime effort, and* provide forces on the Continent.

"It is unreal to suppose that the UK could safely or sensibly abandon any of these roles. Talk of choosing in some simple or exclusive way between, say, a "maritime" and a "Continental" effort is misconceived.

"We must, however, shape *our future contribution* to the four roles in a world of shifting military, political, economic and technical pressures.

"The pace of technological advance, with the rising cost of exploiting it, puts inescapable *financial* pressure on our defence budget. It does not follow that we must be forced out of major areas of our defence effort, especially as the scale of that effort is ultimately a matter of free economic choice, not of economic determinism.

Equipment

"But we must take especial care, within each of our main roles, to concentrate our expenditure where *it* will be most truly effective for the Alliance, and this may sometimes mean *hard decisions about the content of our programme.*"

It is expected that 44 per cent *of the budget for the coming* year, or £5,352m, will be spent on equipment.

When associated personnel and other costs of £498m are included, the estimate of total procurement spending reaches £5.850m or 48 per cent of the budget.

In recent years, about 75 per *cent of equipment outlays have* gone on national contracts placed with British industry. The UK share of collaborative projects has taken another 15 per cent.

The remaining 10 per cent is *spent on contracts placed overseas*. Expenditure on defence equipment is estimated to support about 220.000 jobs in direct employment in the defence industries, and about the same number *indirectly* in industry as a whole.

For the coming year, the White Paper reveals several developments already planned, for both ground, sea and air forces.

MR. JOHN NOTT, Defence Secretary (left), said in a foreword to the Paper: "I shall be considering in the coming months with the Chiefs of Staff, and in consultation with our Allies, how technological and other changes can help us fulfil the same basic roles more effectively in the future, without the massive increases in real defence expenditure which the escalation of equipment costs might otherwise seem to imply."

Hugh Routledge

For ground forces, the plan to develop the new Main Battle Tank *MBT-80 has been discontinued* in favour of a new tank, the Challenger. The MBT-80 would not have been available until the 1990s. Challenger will come into service much earlier, and more tanks can be *built*.

An initial order has been placed to provide enough Challengers to equip one of the four divisions in the British Army of the Rhine. The final number to be bought is not yet settled, but the aim is to replace up to half the existing Chieftain tanks in BAOR.

A new Mechanised Combat Vehicle, MCV-80, has started development. to enter service from the mid-1980s.

The TOW long-range anti-tank guided weapon is about to enter service, fitted to the Lynx *helicopter. Project definition* has been completed on an anti-armour weapon.

Development of the JP-233 airfield attack weapon continues. The withdrawal of the U.S. from funding this joint project is disappointing, but the weapon still offers a cost-effective solution and it is hoped *that this* U.S. will reconsider its position on this project.

For the RAF, a fourth batch of Tornado multi-role combat aircraft has been authorised, which will bring the number of aircraft for the UK to 200, out of a *planned total of* 220.

Studies are continuing on whether or not to join the U.S. in the development of the AV-8B Advanced Harrier, or whether to develop the all-British version, the Harrier GR5(K) design. "Evaluation *of these two designs continues*, and it is hoped that a decision will be made later this year.

"The support that the AV-8B is receiving from the U.S. Government is most encouraging, and provides the basis for a *collaborative solution*. A combined RAF/U.S. Marine Corps order for the aircraft would generate considerable work for the British aerospace industry."

"Considerable difficulties," however, face the possibility of achieving a collaborative programme with Western Europe on a replacement for the Jaguar strike aircraft. Further studies are being undertaken but "it is uncertain whether a collaborative solution would provide the best way forward."

For the Royal Navy, two more Trafalgar Class submarines are already on order, and further orders are planned. The third anti-submarine warfare cruiser, Ark Royal, is to be launched soon.

The third Type 22 frigate, Brilliant, is about to enter service, the fourth, Brazen, has *already been launched, and two* more are under construction. Further orders are planned.

Design work is well advanced on a new class of diesel-powered submarines, and full development of some major equipments for this vessel, including sonar, fire-control and weapons handling and launching equipment, has been *set in hand*.

For missiles, the UK is now working with West Germany and the U.S. on a new generation of short-range air-to-air missiles.

Giving some details of the *costs of major defence programmes*, the White Paper says that the initial order for the new Challenger tank is worth £350m; the sonar, action information and fire control system for the new class of petrol sub*marines will cost £240m*; the Blowpipe air defence missile improvement scheme is costing £200m; while the weapons handling and launching system for the new class of patrol submarines is worth £100m.

Personnel

The White Paper says there are now 267,300 civilians in the Ministry of Defence, of whom 231,400 are in the UK. The *Ministry is working to cut this* figure to 200,000 UK-based civilians by April 1, 1984 compared with 247,660 at April 1, 1979.

"To complete this reduction in the least damaging way while maximising efficiency means examining every corner of the Department's activity. *Much* has already been done to streamline staffing requirements, and over the last decade a wide range of productivity schemes has been introduced for industrial pesronnel. These efforts *will* continue.

"Increasing attention is also being turned on a number of areas in support services, to see if the commercial sector can be more fully involved, by contracting out areas of work to industry or transferring entire functions.

"We are also thinking of rationalising management organisation in certain support areas, and relaxing certain controls, in order to make best use of limited and expensive manpower."

"To achieve a reduction of nearly 48,000 UK-based staff (nearly 20 per cent) over five years, which is the target set by the Government, will inevitably mean cuts across the whole spectrum of activity.

"It is not, and cannot be, just a matter of 'cutting back the bureaucracy.' Instead we have to cut out what is less essential and streamline our operations at all levels and in all areas.

"A good start has been made. In the two years since the Government came to power, the Ministry of Defence has reduced its civilian numbers by over 16,000 as *its* contribution to the overall rundown in the size of the civil service."

So *far* as *armed forces* personnel are concerned, recruitment and retention have remained good. But shortfalls remain in some branches of the forces. *These* include a shortage of pilots in the RAF, engineer *specialists in the Royal Navy* and technical trades in the Army, such as electronics.

On present plans, the armed forces can expect to need about 46,000 recruits each year over the next decade.

Statement on the Defence Estimates: 1981; Volume I. Command 8212-1, SO, £5; Volume II (Defence Statistics), Command 8212-11, £5.

UNIT COSTS FOR DEFENCE EQUIPMENT
(Figures in brackets are 1979 costs)

Nuclear-powered Fleet Submarine	£175m (£140m)
Type 22 Frigate	£120m
Hunt Class Mine Countermeasures Vessel	£30m
Tornado F2 Aircraft*	£14.3m
Tornado GR1 Aircraft	£11.4m (£10m)
Castle Class Offshore Patrol Vessel	£10m
Conversion of Nimrod Mk 1 to Mk 2 standard	£6.5m
Chinook Helicopter	£3.5m
Lynx Helicopter (Army version)	£2.1m
Puma Helicopter	£1.6m (1.5m)
Challenger Main Battle Tank (fully equipped)*	£1.5m
8-tonne vehicles (various types)	£27,000-£37,000
81 mm Mortar	£7,500
Airborne VHF radio for ATC use	£2,500-£3,000
New small arms for the mid-1980s	
—Light Support Weapon*	£350
—Personal Weapon*	£300

(Estimated cost of single ammunition round for the new small arms is 15p)
* Estimated costs (equipment not yet in service).

Costs quoted are for new items of equipment, at September 1980 prices, specified for the British Armed Forces. The unit costs exclude amortisaation of development costs, but those for warships include weapon systems and equipment fitted in the ships.

THE DEFENCE INDUSTRY

UK-based Ministry of Defence contractors paid £5m or more by the Ministry for equipment 1979/80:

Over £100m:	British Aerospace Aircraft; British Aerospace Dynamic; British Shipbuilders; GEC; Plessey; Rolls-Royce; Royal Ordinance Factories; Westland.
£50m-£100m:	BL; EMI; Ferranti; Hunting.
£25m-£50m:	Dowty Group; Lucas Industries; Racal Electronics; Short Bros.
£10m-£25m:	British Electric Traction; Decca; Vauxhall; Gresham Lion; Hawker Siddeley; Standard Telephones and Cables; *Marshall of Cambridge; Pilkington Bros.*; Cossor Electronics; Singer; Smiths Industries; Thorn Electrical; UK Atomic Energy Authority; Vickers.
£5m-£10m:	David Brown; BTR; Cable and Wireless; Chloride Group; Courtaulds; Dickinson Robinson; Dunlop; Philips; Ford Motor; Grindlays Holdings; GKN; Rank; Rolls-Royce Motor; Ropner; Stone Platt; Vantona; Weir; Yarrow.

'Need to counter Soviet threat'

The White Paper reiterates the theme of recent years, that the need for heavy defence spending is due to the continued existence of the threat, and especially the build-up, of conventional *forces* by the Soviet Union.

It says the scale of this build-up last year resulted in *Soviet industry producing* in one year some 250 intercontinental ballistic missiles, over 1,300 combat aircraft, over 400 military helicopters, over 3,000 tanks, five major surface ships, at least nine *nuclear-powered submarines* and four conventional submarines.

There is also a "huge and growing" space programme, mainly for military purposes. The Soviet Union launches some 100 satellites a year, *roughly three times as many* as the rest of the world.

Soviet spending on defence rose by 4 per cent a year throughout the 1970s, and absorbs about 12 to 14 per cent of the Soviet Gross National Product. In 1980, actual spending is estimated by the West to amount to between 81bn and 86bn Roubles (£51bn to £54.22bn).

Maintenance and personnel costs are relatively low in the Soviet armed forces, and the budget is dominated by equipment procurement.

"About 40 per cent of defence expenditure goes to procure new weapons systems and about a further 20 per cent on Research and Development—the latter being double the corresponding percentage in the U.S. and half as much again as in the UK.

"Even if we assume a Soviet propensity to over-insure, this effort still goes much beyond what could objectively be seen as necessary for defence."

The White Paper says that Soviet world-wide policy remains the exploitation of unrest *in the world*, and its formidable military power lies at its disposal to support that aim.

Postal leaders accept 8.5%

BY PAULINE CLARK, LABOUR STAFF

GOVERNMENT HOPES of *securing single-figure pay settlements* for large groups of public-sector employees received a boost yesterday when union leaders of the 160,000 postal workers agreed to recommand acceptance of 8.5 per cent this year.

The deal will require a ballot of members of the Union of Communication Workers. It will have to be measured beside the 12 to 13 per cent increases awarded to other major public service groups such as gas and water workers.

It will do little to tone down the confrontation in the Civil Service over a 7 per cent pay offer, and will not help the Government avoid problems which may lie ahead over its wish to secure a 6 per cent ceiling for ambulancemen, nurses *and other groups* in the Health Service which have yet to settle in the present round.

The offer to postmen, sorters, counter, clerical and other postal workers follows intensive negotiations in the past few days after union rejection of a 6 per cent offer.

Th new offer is considerably lower than the 20 per cent claim first put forward by the UCW, which the employers estimated *would cost about £220.*

Mr. Tom Jackson, general secretary of the UCW, said the deal, costed by the Post Office at some £95m over the year from April 1, was "the best achievable in the light of the financial trouble the Post Office is in, caused by both Government policies and the deep financial recession which affects the nation as a whole."

He added that employers had been warned the agreement was "not regarded as a full settlement." and that postal workers would want to recover lost ground when their pay was next discussed.

The offer is in two stages, giving an 8 per cent rise on basic rates from April and a further 1½ per cent from November 1. This would increase *basic rates for London* workers to £105.20, and for others to £84.48, from November.

It is believed that the Post Office's recent success in securing union co-operation to a new extended efficiency and productivity scheme had some influence on the leaders' agreement to recommend the offer. More postal workers this year will have opportunities to increase earnings from local bonus payments.

The Post Office emphasised yesterday its "firm objective to avoid further price increases in 1981." It aimed to fund the settlement from its operating profits.

The offer was conditional on continuation of present staffing and efficiency agreements.

No redundancy programme was envisaged, though economies would be made through natural staff wastage.

The Post Office was embarking on a vigorous marketing programme, with introduction of new services such as the London motorcycle express service, due to start on April 27.

Building workers offered 7.5% rise

By Our Labour Staff

BUILDING WORKERS employed by member companies of the Federation of Master Builders were offered yesterday a rise of 7.5 per cent on their consolidated basic rates.

The proposals were made to the Transport and General *Workers'* Union, the sole union in the negotiations. Mr. George Henderson, the TGWU's national construction secretary, said the offer had neither been accepted nor rejected.

The union says the proposals would affect about 300,000 workers. In the separate main construction negotiations which cover about 700,000 workers, the National Federation of Building Trades Employers and the Federation of Civil Engineering Contractors have offered their unions a rise of 5.75 per cent following a four-month pay freeze.

They have indicated, though, that in negotiations later this month with the Union of Construction, Allied Trades and Technicians and the TGWU, they will propose an alternative offer which will not involve a pay freeze.

Mr. Henderson said he believed the new offer in the main construction negotiations would still include the employers' "penalty clauses" and would therefore be *rejected.*

The offer from the federation would lift the consolidated basic rate of labourers from the current £68.80 to £74, a rise marginally above 7.5 per cent.

Thatcher will tighten curbs on unions if necessary

BY CHRISTIAN TYLER, LABOUR EDITOR

THE PRIME MINISTER has told business leaders that she will make room for more trade union laws in the 1981-82 *session of Parliament if further* legislation "were shown to be necessary or desirable."

Mrs. Thatcher was replying to a letter from the Institute of Directors seeking assurances that timetable *difficulties* would not stand in the way. The institute is campaigning vociferously for union curbs tougher than those in the Employment Act, 1980.

Last night the institute said it considered Mrs. Thatcher's assurance highly significant, and evidence that the "softly softly" brigade in the Cabinet, lead by Mr. James Prior, Employment Secretary, and now *apparently supported* by Lord Hailsham, the Lord Chancellor, was not easily going to win the argument.

The Cabinet "wets" want to give the present Act time to *settle down before legislating* on any of the suggestions cautiously advanced in the Government's recent Green Paper on trade unions' legal immunities. They are accused by the "hawks" of using the Parliamentary timetable as an excuse.

It is now being suggested that Mrs. Thatcher's own policy advisers are keen to tackle the trade union issue again, and see *some pledges written into the* next Queen's Speech.

Mrs. Thatcher's letter was disclosed last night by Mr. Walter Goldsmith, director general of the Institute of Directors, at a dinner given by the *National Association of Paper* Merchants.

Mr. Goldsmith said many employer organisations were working hard on the Green Paper issues. "It would be tragic if the opportunity to move ahead were missed while the conditions are so favourable." He said the present Civil Service strikes were evidence of a new willingness among unions to re-employ the strike weapon.

As far as Mr. Prior's own Department is concerned, the views of bodies like the CBI and the Engineering Employers Federation are likely to carry much more weight than those of the institute, which is seen as carrying its crusade beyond the bounds of commonsense.

Consultation on the Green Paper is due to finish by the end of June. A request by the *TUC to extend* the period has been refused.

£55,000 award for asbestosis

Financial Times Reporter

A THERMAL *insulation* engineer who contracted asbestosis was awarded £55,000 damages in the High Court in London yesterday.

The award was against 11 companies which employed Mr. George Styles in work involving handling asbestos over a 21-year period. They admitted liability.

Mr. Styles, 47, of Walworth, *London,* had worked as an insulator since he was 16. He had *handled no asbestos since* 1972, shortly before his disease was diagnosed.

The judge granted a stay of execution on £22,000 of the award pending a possible appeal.

Steel men challenge BSC figures

BY ALAN PIKE

THE LARGEST steel industry *union told MPs yesterday that* it suspects that the British Steel Corporation may have decided to make far more workers redundant than the 20,000 it has announced.

In evidenie to the House of Commons Industry and Trade Committee, the Iron and Steel Trades Confederation called upon MPs to "satisfy themselves that no deceit is being practiced on Parliament as well *as on the unions.*"

The union told the committee that, on the basis of its knowledge of the new BSC corporate plan and the corporation's productivity projections for the coming year, there appeared to be large numbers of employees "*whose disappearance cannot* be accounted for by the published editions of the corporate plan."

Noting that the corporation has said it might have to consider further closure options if market objectives do not improve, the ISTC evidence asks: "Has the decision already been taken? Is the presentation of non-closure as conditional an honest one?"

BSC yesterday rejected the union's allegations and said that they were based upon statistical miscalculation. "The measures announced in the corporate plan will provide the required reduction in the workforce and capacity, and there is *nothing in the way of undis*closed closures," it said.

The ISTC—which remains opposed to the BSC corporate plan—told the committee that its criticism of the plan was because of its similarity to its predecessors.

It again proposed a reduction in steel making and the erosion of labour.

The union also attacked BSC's failure to discuss these *issues in any serious way* with the unions. "Whatever the way forward may be, it will not be found by a workforce which is blinkered and stumbles forward only by repeated blows from the whip."

TV blacking verdict concern

BY OUR LABOUR EDITOR

TUC LEADERS are worried that a recent Appeal Court decision in a "secondary blacking" case under the Employment *Act, 1980, will have wide* repercussions for trade unionists.

The case was discussed by the TUC employment policy and *organisation* committee yesterday, although no firm proposal was made it is possible that the TUC may eventually bear the cost of appealing against the verdict.

Last week Lord Denning ruled in the Appeal Court that blacking of a TV series made by a "facility company," Hadmor Productions, was unlawful and the action by a trade union had *no immunity.*

The union, the Association of Cinematograph, Television and Allied Technicians, is hoping to appeal to *the House of Lords against* the decision, the first of its kind under the new Act.

The TUC committee is also keeping an eye on the first court case involving eight "secondary pickets," members of the National Graphical Association. But the circumstances of that case are altering rapidly as the company involved may be changing hands.

John Lloyd writes: The TUC media working party yesterday took the concept of a new daily paper of the Labour movement a step further when its members told the chairman of the study group on the paper's *feasibility, Lord McCarthy, their ideas on its style*

There are differences of view among the working party on whether the paper should aim to be a mass circulation daily, or a comparatively limited circulation paper.

British Rail talks over strike threat

BY PHILIP BASSETT, LABOUR STAFF

BRITISH RAIL will meet leaders of the National Union of Railwaymen today in an effort to avert official industrial action planned to halt all train services next week between Manchester, Sheffield and London.

Time is expected to be found at the meeting due today of the British Rail Council, the industry's highest-level consultation body, to discuss the dispute which poses the threat of intensification of the action to national level.

Services in the two areas were disrupted again yesterday, though the disruption eased during the day as staff began calling off the action for Easter as their turns of duty came round. The NUR has suspended the action over the holiday, but plans to step it up next week.

All three rail unions will meet BR this afternoon after the Rail Council meeting to formally reject the BR board's 7 per cent pay offer tabled earlier this week.

The board is unlikely to make any firm response today, but will probably agree to consider the unions' points and return to them in a meeting after Easter.

About a third of BR Western Region's inter-city and outer commuter services from London's Paddington station were cancelled yesterday because of a 24-hour unofficial strike by NUR station staff members.

The strike was in support of about 130 carriage cleaners based at Old Oak Common, Western London's maintenance depot, who have been in dispute for the past two weeks over new work schedules. The NUR has tried to solve the dispute.

Bank staff are advised not to cross picket lines

BY OUR LABOUR STAFF

MEMBERS OF the Association of Scientific, Technical and Managerial Staffs in the Midland Bank have been advised by their union not to cross picket lines set up by the Banking, Insurance and Finance Union at selected centres next Wednesday.

BIFU plans a one-day strike, followed by a work-to-rule and overtime ban at many branches and cash centres of the five English clearing banks over the clearers' 10 per cent offer which the banks are implementing.

Mr. John Fletcher, secretary of the ASTMS section at the Midland, the only English clearer to respond to the union, said yesterday that ASTMS members *were being told that* whilst the final decision rests with them, the union advises them not to cross the picket lines of another TUC union.

They had also been told that if they wished to join the BIFU action they would have the support of ASTMS.

The staff section is balloting its 5,000 members on whether they are prepared to take industrial action on a joint basis with BIFU if that could be arranged. The result should be known by the middle of next week.

Dunlop workers call for national talks on disputes

BY OUR LABOUR STAFF

UNION LEADERS of about 9,000 Dunlop rubber workers have called for national talks with the company aimed at resolving a wave of local disputes over redundancies and pay which they say have led to overtime bans and other forms of action in many plants.

Mr. David Warburton, national industrial officer in the General and Municipal Workers Union, said local "spontaneous" action involving about 3,800 workers was now hitting various parts of the company.

The Dunlop workers' joint union committee had urged talks at national level to avoid any further outbreaks of action over issues ranging from local employers' refusal to talk about severance pay and wide variations within the company's plants and divisions over attitudes to pay.

Some plant managements *were offering* 6 per cent pay increases while others were offering nil under the company's local wage negotiating structure, he added.

Dunlop said that local pay discussions at present were being tied to proposals for improved productivity and reducing manning costs. National level talks had taken place with unions a month ago when the whole question of wage negotiations at *plant* level was discussed.

Statistical service to cut jobs

THE STATISTICAL service of the Department of Employment plans to make savings worth £4m, with the loss of 550 jobs, over the next three years.

The measures follow a review of the Government statistical service begun by Sir Derek Rayne in 1980 and in addition to economies worth £1.5m a year and 90 jobs which had already been made by then.

The census of employment will be taken every three years instead of every two while the need for an improved Labour Force Survey is to be examined.

Unemployment statistics will be obtained from the computerised records of Unemployment Benefit Offices.

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Atkins firm on IRA hunger strikers

By Margaret Van Hattem,

THE GOVERNMENT yesterday reaffirmed its determination not to accede to demands for political status for the four IRA hunger strikers in Northern Ireland's Maze prison.

Mr. Humphrey Atkins, the Northern Ireland Secretary, confirmed that all four men were now in the prison hospital and that one of them—Mr. Bobby Sands, last week elected MP for Fermanagh South Tyrone—was growing markedly weaker. The condition of the other three was not yet giving serious cause for concern, he said.

Mr. Sands, now in the 47th day of his strike, is not generally expected to survive the next fortnight. In a statement earlier this week, he said he would not abandon his fast until the UK Government agreed to negotiate on his five demands for political status.

Mr. Owen Carron, Mr. Sands' agent, later claimed that Mr. Atkins had acceeded to the same demands last September, in order to end the hunger strike by seven Maze prisoners, and had later reneged on his word.

But Mr. Atkins insisted yesterday in a written answer that the Government had never altered its policy and would not.

"The Government will not accord 'political status' to men convicted by the courts of acts which they claim were committed for political motives," he said.

"The Government has made clear that it opposes violence in whatever form, including that practiced by the hunger strikers and the other protesting prisoners against themselves. It remains its hope that the time has come to end the prison protest so that all prisoners can take advantage of what the regime affords."

Mr. Atkins re-affirmed the Government's view that many of the hunger strikers' demands can be partly met under the existing prison rules, providing they conform with the regime.

At present, apart from the four hunger strikers, 418 Maze prisoners were refusing to work, exercise, or wear prison supplied civilian clothing, and six more were refusing to work: 29 women prisoners in Armagh were also refusing to work.

Adoption law changes

A TIMETABLE for implementing a number of provisions on adoption in the 1975 Children Act was announced by Sir George Young, Health Under-Secretary, yesterday.

The provisions include approval of adoption societies and of experimental schemes for adoption allowances, and "freeing children in care for adoption."

Joseph backs telecommunications proposals

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

PROPOSALS FOR the liberalisation of the telecommunications network could result in a 2 per cent loss of revenue for British Telecom in four years time, and a 10 per cent increase in domestic telephone rental charges, Sir Keith Joseph, Industry Secretary, told the Commons yesterday.

He was making a statement on the report — published yesterday — from Professor Michael Beesley of the London Business School. It recommends that private sector companies should be allowed to lease part of the national network from British Telecom in order to sell telecommunications services to the public.

Sir Keith announced that the Government will be holding consultations over the next two months and taking a decision in July on the proposals from Professor Beesley. He made it clear, however, that he is eager to implement a scheme along the lines suggested in the document.

"The Government is attracted by the free market, please-the-customer arrangements recommended by Professor Beesley." Sir Keith told the House.

"The opportunities for BT and others over the whole field of telecommunications equipment and services are immense. The quicker BT and its competitors respond by expanding their range of products, systems and services the better."

Joseph: "The Government is attracted by the free market, please-the-customer arrangements recommended by Beesley"

The report was strongly criticised by Mr. Stan Orme, Labour's industry spokesman, and by backbench Labour MPs who emphasised that the Post Office Engineering Union is hostile to it.

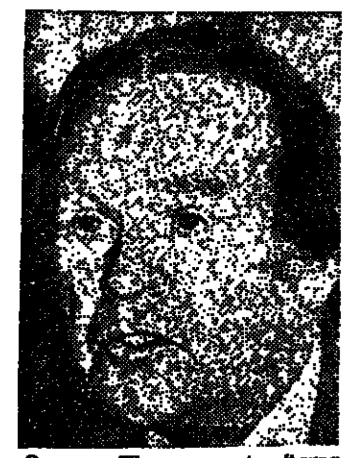
Many Conservative members warmly welcomed it but some expressed grave concern over the effect on rural telephone users and feared that it would force up their bills at a greater rate than those in urban areas. Sir Keith, however, argued that this should not happen.

The report also called for the immediate removal of Government restrictions on British Telecom's financing so that it can increase its investment programme. But on this aspect Sir Keith took a very cautious line.

He said he was discussing with British Telecom the possibility of increasing the amount of external financing within the constraints imposed by the need to control public expenditure and the Public Sector Borrowing Requirement.

He emphasised that the amount BT could invest did not just depend on the Government and the taxpayer. The bulk of investment came from depreciation and retained profits.

If workers and management co-operated effectively and economically and there was moderation in wage claims, then there would be more money for investment.



Orme: The report "was another example of the damage being done to public services under the Tory Government"

He pointed out that the report had suggested that BT should seek minority holdings in private ventures which would be quite outside the PSBR. The Government was also trying to find ways in which investment on a risk basis could be allowed to BT outside the PSBR—but this involved technical questions of how risk investment could flow into a nationalised industry.

Mr. Orme saw the report as another example of the damage being done to public services under the Conservative Government. He complained that the report had been with Sir Keith since January but its publication had been held up until the British Telecommunications Mill had passed through the Commons.

The Bill, which splits off British Telecom from the Post Office, is now awaiting its passage through the Lords after Easter.

Mr. Orme wanted to know what the effect of the proposals would be on the rental charges to the domestic consumer. He predicted it would lead to a loss of revenue to British Telecom and therefore a loss of efficiency resulting in higher charges to the users.

Sir Keith told him that the report had not been brought forward earlier because the Government had needed time to study it. He agreed that there would be some "very small" loss of revenue to BT as some traffic would be taken away by effective competition.

SDP spells out stand on local government

BY ELINOR GOODMAN, LOBBY CORRESPONDENT

THE SOCIAL Democrats yesterday launched themselves into the local elections without any candidates but with a discussion document explaining their basic stance on local government, and with a lengthy list of questions for Social Democratic supporters to put to the candidates of other parties.

The discusion document, the first in a series called "Open Forum," applies the Party's general belief in decentralisation to various specific aspects of local government, like housing and education.

In many ways, the ideas are very similar to those of the Liberals, who pioneered community politics in this country. Underlying the whole document is a dislike of "bigness," and size for its own sake, which would strike a chord with the Liberals.

The Social Democrats, who eventually hope to form an electoral alliance with the Liberals, are deliberately not, as a party, endorsing any candidates at the local elections this year. Individual deals are being set up locally between some Liberals and Social Democrats, and yesterday Mrs. Shirley Williams, one of the SDP's leaders, said that in some areas she hoped people would vote Liberal though in others, candidates standing for other parties might be nearer to the Social Democratic position.

The local elections have already caused problems for the SDP as a result of candidates unofficially claiming to be Social Democrats. So to solve the problem of what to do about the elections the SDP yesterday produced a list of questions to put to candidates from other parties. It also urged SDP supporters to take surveys of local government in their own areas as a basis for establishing a "genuinely local programme responsive to local needs" in time for the next local elections.

The document is not formal SDP policy as such: it has been written by Lord Young, formerly chairman of the National Consumer Council and the views are essentially his.

In it, he bitterly attacks the Conservative Government's Local Government legislation as "perhaps the most centralising measures that have ever come out of Parliament." His underlying message is that there must be decentralisation both from central government to local government and within local government itself.

As part of this general thesis, he backs the idea of a local income tax, more parental involvement in schools, more responsibility for tenant associations, and elected community health councils. He also envisages a greater role for local government in boosting employment locally.

Among the questions he suggests SDP supporters should put to candidates are: Do they approve of the new Local Government Act ?, do they think the local authority is the right size and do they believe that responsibiilty for health and other services should be transferred from central to local government ?

EEC faces leadership gap-Jenkins

By Margaret Van Hattem, Lobby Staff

MR. ROY JENKINS yesterday attacked EEC heads of government for their "ludicrous" triviality at last month's summit in Maastricht,

Speaking at a Mansion House lunch, the former EEC Commission president said the deterioration of Franco-German leadership in the Community had left Europe with a "leadership gap."

Franco-German leadership had, in the past, brought initiatives and advantages. "But it shows some recent signs of running into the sand," he said. "To allow, at the present juncture in world affairs, a European council as at Maastricht last month to be dominated by fish shows a ludicrous lack of proportion.

European leaders needed to lift their sights, he said. They were particularly to blame for the state of the European Parliament which they sought to discourage in every possible way, and then criticised it for its ineffectiveness and extravagance.

"Governments created it and with a little vision and goodwill can easily foster its responsibility and curb its expenditure by allowing it to sit in one, or at most two places," he said.

Mr. Jenkins also expressed fears that instead of restructuring the Community budget — most of which is currently spent on food subsidies—EEC leaders would merely "tinker" with present spending patterns.

Common Market a tragic farce—Healey

FINANCIAL TIMES REPORTER

MR. DENIS HEALEY, Shadow Foreign Secretary, yesterday condemned the Common Market as a "tragic farce," in a major Opposition attack on Britain's membership of the EEC.

And Mr. Denzil Davies, his junior Foreign Affairs spokesman, joined the condemnation, made during Commons Question Time exchanges, when he urged the Government to "disentangle the country from the stranglehold" of EEC treaties.

Mr. Healey told Sir Ian Gilmour, Deputy Foreign Secretary: "The Community is now running into a head-on crisis on the Common Agricultural Policy, the budgetary regime, and the terms in which the Community has enlarged towards the South."

Mr. Healey said that though Britain's relations with Europe were of vital importance to Europe and the United Kingdom, the fact that the recent summit conference at Maastricht, Holland, "spent the whole of its time having bitter and angry arguments about a week's fishing by Hamburg fishermen off the coast of Canada suggest that the Community has become a tragic farce."

Urging the Government to stop "thinking about integration" with the Community, Mr. Davies said later: "The Government would spend its time better by seeking ways to disentangle this country from the stranglehold of those treaties.

"Would not our relationship with the rest of the countries of Europe, in commerce, trade, agriculture and fisheries, be far healthier if they were not based upon these rather unequal . . . and immutable treaties?

Sir Ian told Mr. Healey: "I am sorry to see you rather changing your line on Europe. In the past you have always taken a rather more constructive attitude to it."

He insisted that only a small amount of time had been spent on fishing matters at the Maastricht conference.

"Of course there are important decisions to be made about the future of the CAP, restructuring and enlargement—to say these are crises is an abuse of the language . . . it is an exaggeration and wrong to say the Community is in a crisis."

Mr. Healey told Sir Ian that Portugal would be making a net contribution to the EEC budget while the relatively rich Denmark would be a net beneficiary. The issue was of "immense importance" to Britain.

"If you suggest that the problems the Community will face on these matters in the next two or three years do not constitute a crisis, that is an abuse of the language."

Soames rules out further bargaining on Civil Service pay

BY IVOR OWEN

WHILE DEPLORING the hardship likely to be inflicted on Easter holidaymakers, Ministers last night reaffirmed that no amount of disruptive action by civil servants will alter their resolve not to grant a pay increase above the 7 per cent already on offer.

Lord Soames, Leader of the Lords and the Cabinet Minister responsible for the day-to-day management of the Civil Service, firmly ruled out any further bargaining over pay levels for the current financial year.

He dismissed suggestions that the Government should take the initiative in bringing the unions back to the negotiating table on this aspect of the dispute.

Lord Soames declared: "I must make the position quite clear. Our offer of 7 per cent for the 1981 settlement is the most that can be afforded from cash limits this year—which means the most which we think it right to ask the taxpayer to finance."

At the same time he made it clear that the unions would be pushing at an open door if they sought an early resumption of negotiations on the new arrangements for determining Civil Service pay in future years.

But even in this area, he was adamant that the initiative for further talks should come from the unions and not from the Government.

Lord Soames told Labour peers who urged him to invite the unions to enter into immediate discussions: "I want to talk to the unions when the unions want to talk to me."

"There is no earthly point in me asking to talk to people who do not want to talk to me."

He agreed with Lord Boyd-Carpenter (C.), a former Treasury Minister, that employers and employees in the public and private sectors who had made "reasonable" settlements in the last few months would feel betrayed if the Government, in dealing with its own direct employees, were to depart from the 7 per cent limit.

More details about the range of issues which the Government believes should be covered by the new arrangements for determining Civil Service pay were given by Mr. Barney Hayhoe, Minister of State for the Civil Service, when he answered questions in the Commons.

These included independent fact finding comparisons with pay levels outside the Civil Service, arbitration arrangements, job security, the relative attractions of pay pensions and other conditions and the general economic balance of the country.

Mr. Hayhoe emphasised that a very considerable time would be needed to discuss all these issues and admitted that it might not be possible to have the new arrangements in operation in time for the 1982 pay round.

He assured MPs that the Government would be ready to discuss with the unions both arrangements for the longer term and the steps which needed to be taken to deal with next year's settlement.

Mr. Charles Morris, Labour spokesman on the Civil Service, protested that despite five weeks of escalating industrial difficulties, the Government had not met the Civil Service trade unions since March 3.

He accused the Prime Minister of making repeated attacks on the Civil Service and to Labour cheers said the only effect had been to transform 500,000 loyal and dedicated public servants into militants.

Mr. Jack Straw, (Lab., Blackburn) said civil servants were suspicious of the Government's intentions and he called for the publication of the proposals which the Government had in mind for determining their pay for the longer term.

For the Liberals, Mr. Alan Beith (Berwick-upon-Tweed), asserted that the Government was trying to operate a pay policy exclusively for the public sector. But this was denied by Mr. Hayhoe who contended that Ministers were doing no more than apply cash limits.

Inquiry fails to identify source of Budget leaks

BY ELINOR GOODMAN, LOBBY CORRESPONDENT

THE GOVERNMENT has been unable to trace the source of the Budget leaks. The Prime Minister said, on Tuesday that the inquiry, set up immediately after the Budget, had failed to give "any positive identification" of the source.

Internal security is, however, to be tightened up as a result of the inquiry. Mrs. Thatcher said that it had raised certain points about procedure which would be considered for the future.

She declined to give any further details, but it is likely that efforts will be made to restrict access to sensitive information.

The investigation has covered a number of different Government departments. It was instigated by the Prime Minister herself, who was very annoyed about the way details of the Budget were leaked in advance.

The worry was that they included market sensitive information and that they looked as if they came from a single, well-placed source.

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In accordance with the provisions of the Certificates of Deposit notice is hereby given that for the six month interest period from 16th April, 1981, to 16th October, 1981, the Certificates will carry an Interest Rate of 16.8125% per annum.

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PUBLIC NOTICES

BOURNEMOUTH CORPORATION BILLS—£1,100,000 Bills issued 15th April, 1981, at 11 25-64ths%, to mature 15th July, 1981. Applications £5,500,000. Outstanding £1,100,000.

CITY OF LIVERPOOL BILLS—£17,700,000 Bills due 15th July, 1981, dated 15th April, 1981, were tendered for at an average rate of discount of £11.3912 per annum. These Bills were issued to replace £12,200,000 Bills repaid on 15th April, 1981, and are the only City of Liverpool Bills outstanding. John Hill, Treasurer of the City.

CORPORATION BILLS—£5.3m Oldham Bills issued at 11½% on 15th April, 1981, to mature 15th July, 1981. Applications £38.6m. Outstanding £5.3m.

COUNTY OF AVON—£5m 91-day Bills issued 15/4/81 due 15/7/81 at 11 25-64ths%. Applications totalled £42m. Others outstanding £3m.

HERTFORDSHIRE COUNTY COUNCIL—£3m 91-day Bills issued 15/4/81 due 15/7/81 at 11 25-64ths%. Total applications £18m. Other Bills outstanding £17m.

LANCASHIRE COUNTY COUNCIL BILLS—£10,000,000 Bills issued 15th April, 1981, at 11 25-64ths% to mature 15th July, 1981. Total applications were £60m. These are the only Bills outstanding.

LUTON CORPORATION BILLS—£950,000 Bills issued 15th April, 1981, at 11½% to mature 15th July, 1981. Applications £9,000,000. None outstanding.

ROCHDALE METROPOLITAN BOROUGH COUNCIL BILLS—£5,800,000 Bills issued 15th April, 1981, maturing 15th July, 1981, at 11½% and 11½%. Applications totalled £35,300,000. These are the only Bills outstanding.

ROTHERHAM METROPOLITAN BOROUGH COUNCIL—£3m 91-day Bills issued 15/4/81 due 15/7/81 at 11½%. Applications totalled £28m. Others outstanding £2m.

ST. HELENS BOROUGH COUNCIL BILLS—issued 14th April, 1981, £2.5m Bills at 11½% due 14th July, 1981. Applications £15m. Total outstanding £4.4m.

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APPOINTMENTS

Board member for Shell International

Mr. W. N. Scott, regional co-ordinator western hemisphere of SHELL INTERNATIONAL PETROLEUM COMPANY, has been appointed a director.

★

Sir David Orr, chairman of Unilever, has been appointed a non-executive director of the RIO TINTO-ZINC CORPORATION.

★

Mr. Michael Wong Pakshong has been appointed a non-executive director on the Board of SIME DARBY BERHAD. Mr. Wong led the Monetary Authority of Singapore for the last 10 years as its managing director until his departure earlier this year. He is also the chairman of Neptune Orient Line.

★

Mr. W. A. Simpson has been appointed chairman of GEORGE WIMPEY ME & C and has been succeeded as managing director by Mr. I. L. Connell. Mr. R. Cowan has become chairman of WIMPEY LABORATORIES and Mr. L. C. T. Sallabank has been made a director of that company. Dr. J. C. Chapman has retired from Wimpey Laboratories and Mr. R. B. Ferris has resigned to be president of George Wimpey Inc. in the U.S.

Mr. G. C. Bodker, Mr. D. K. Doran, Mr. D. M. Fidler and Mr. N. H. Searle have been appointed directors of WIMPEY GROUP SERVICES and Mr. D. M. Penton is now director administration services of that concern.

★

Mr. David Ashley has been appointed managing director of the BROCKHOUSE GROUP's general engineering division. Mr. Ashley, who joined Brockhouse in 1966 as a technical sales engineer, was appointed divisional marketing manager in October 1977.

★

Mr. C. L. Ferguson, group managing director of Blackwood Hodge, becomes chairman of WILLIAM PETO & CO., the Chester-based company recently acquired by Vendops, the Blackwood Hodge vending subsidiary. Vendops directors Mr. Jim Roberts (managing) and Mr. Denis Smith join Mr. William Peto (managing director) and Mr. John Miller (sales director) on the restructured Board.

★

Mr. John Cooper has been appointed as sales and marketing director of DORADA ALEXANDER.

★

Mr. G. W. Moseley has been appointed permanent secretary in the DEPARTMENT OF THE ENVIRONMENT in succession to Sir John Garlick, who is retiring from the public service in May.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume (1976=100), retail sales value (1976=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unemployed	Vacs.
1979							
3rd qtr.	112.7	103.2	101	106.6	149.6	1,269	247
4th qtr.	112.6	104.2	101	109.1	185.9	1,286	230
1980							
1st qtr.	109.9	100.1	100	110.2	158.6	1,379	193
2nd qtr.	106.6	96.8	97	109.2	164.3	1,498	159
3rd qtr.	102.9	93.2	84	108.9	170.3	1,699	120
4th qtr.	100.4	89.1	79	109.0	205.2	2,020	98
June	106.6	96.3	107	109.5	167.1	1,542	145
July	105.1	95.2	87	108.5	172.8	1,609	123
Aug.	102.5	93.0	92	109.6	157.6	1,697	120
Sept.	101.2	91.4	73	108.5	170.4	1,791	111
Oct.	100.9	90.3	75	109.7	179.1	1,893	100
Nov.	100.7	89.4	84	109.2	192.8	2,030	96
Dec.	99.7	87.8	78	108.4	236.0	2,137	99
1981							
Jan.	98.3	87.1		114.0	177.6	2,328	104
Feb.	99.1	87.9		112.9	170.1	2,304	98
March						2,381	97

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1979							
3rd qtr.	105.5	96.4	132.4	95.0	105.1	100.2	21.0
4th qtr.	105.3	101.1	129.6	99.1	103.4	96.4	19.7
1980							
1st qtr.	104.4	101.0	123.5	98.8	56.4	92.2	13.3
2nd qtr.	98.1	96.2	123.2	93.1	93.9	85.6	15.3
3rd qtr.	96.9	95.0	117.1	91.2	78.1	82.6	12.5
4th qtr.	94.0	90.1	116.7	85.4	70.3	76.4	10.1
May	97.0	96.0	124.0	93.0	99.0	84.0	16.7
June	98.0	95.0	124.0	93.0	94.0	85.0	16.4
July	99.0	96.0	121.0	93.0	81.0	85.0	13.6
Aug.	97.0	95.0	116.0	91.0	80.0	85.0	10.8
Sept.	95.0	94.0	114.0	89.0	73.0	78.0	13.0
Oct.	95.0	92.0	116.0	87.0	67.0	76.0	11.9
Nov.	94.0	90.0	118.0	85.0	74.0	78.0	11.2
Dec.	93.0	88.0	117.0	83.0	70.0	75.0	7.1
1981							
Jan.	93.0	86.0	115.0	82.0	70.0	77.0	10.5
Feb.	94.0	84.0	118.0	81.0	78.0	78.0	11.9

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1979							
3rd qtr.	129.9	132.5	−762	−210	−172	106.5	23.18
4th qtr.	129.8	132.6	−775	−579	−152	103.5	22.54
1980							
1st qtr.	133.0	126.9	−388	+ 54	− 95	101.0	24.87
2nd qtr.	126.2	126.2	−320	− 88	− 11	103.4	28.15
3rd qtr.	125.1	118.7	+616	+870	−157	105.5	28.08
4th qtr.	126.5	111.8	+1,269	+1,885	+222	105.6	27.90
June	128.9	124.2	+ 15	+ 21	− 23	103.8	28.17
July	128.6	117.1	+303	+403	+ 98	104.3	28.27
Aug.	123.8	120.5	− 29	+ 72	+ 23	106.0	28.29
Sept.	121.9	114.8	+344	+429	+ 39	105.3	27.64
Oct.	124.5	106.3	+506	+711	+133	105.2	28.03
Nov.	129.4	114.6	+410	+615	+ 54	105.6	28.19
Dec.	125.7	114.5	+353	+559	+ 35	105.1	27.48
1981							
1st qtr.							28.34
Jan.	123.9	101.3	+742	+1,042	+210	106.4	28.39
Feb.	121.7	114.3	+314	+614	+231	105.1	28.43
March							28.21

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

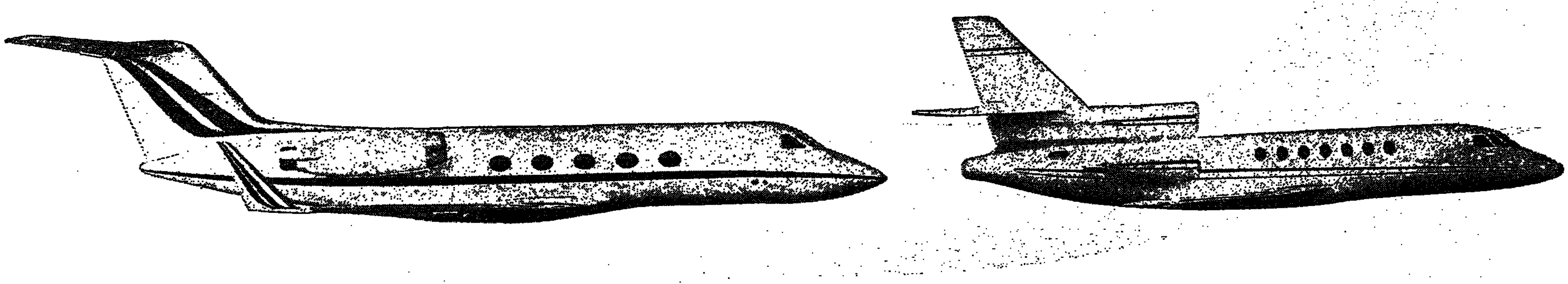
	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1979							
3rd qtr.	12.0	11.2	13.2	+3,642	933	1,875	14
4th qtr.	14.4	15.6	22.6	+2,977	839	1,959	14
1980							
1st qtr.	− 4.0	7.2	21.9	+1,725	634	2,049	17
2nd qtr.	− 1.5	10.7	23.3	+3,317	697	1,964	17
3rd qtr.	12.9	39.0	45.2	+6,889	1,090	1,933	16
4th qtr.	6.5	20.7	11.2	+3,494	1,253	1,790	15
June	− 4.9	13.7	28.8	+1,403	206	675	17
July	9.5	36.5	58.8	+3,718	340	663	16
Aug.	11.2	40.8	46.4	+2,139	307	613	16
Sept.	17.5	39.5	38.7	+1,032	443	657	16
Oct.	3.9	23.5	19.3	+1,164	520	629	16
Nov.	6.4	19.3	7.7	+1,446	285	558	14
Dec.	9.3	19.5	7.0	+ 884	448	603	14
1981							
1st qtr.					1,081		
Jan.	7.8	13.0	10.1	+ 622	446	618	14
Feb.	13.0	8.6	12.8	+ 575	366	636	14
March					269		12

INFLATION—Indices of earnings (Jan. 1976=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (1975=100).

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1979							
3rd qtr.	154.2	169.9	176.4	231.1	231.9	301.66	91.3
4th qtr.	161.7	183.9	181.8	237.6	237.2	295.13	88.5
1980							
1st qtr.	167.7	197.2	191.4	248.8	247.5	284.47	93.0
2nd qtr.	178.9	201.3	199.0	263.2	255.9	267.45	94.5
3rd qtr.	188.4	201.9	203.6	268.9	259.3	275.13	96.7
4th qtr.	193.3	203.3	206.1	273.9	260.7	269.25	100.2
June	183.7	201.1	201.0	265.7	275.9	267.45	94.5
July	185.1	201.7	202.7	267.9	259.9	273.57	95.6
Aug.	186.5	201.8	203.5	268.5	259.0	275.38	96.8
Sept.	193.6	202.1	204.6	270.2	259.0	276.44	97.6
Oct.	189.9	201.4	205.3	271.9	259.3	274.65	99.2
Nov.	192.6	203.4	206.2	274.1	260.0	270.56	101.1
Dec.	197.3	205.1	206.7	275.6	262.7	262.53	100.2
1981							
1st qtr.		213.7	212.2			257.79	101.4
Jan.	193.6	209.7	209.9	277.3	266.7	251.88	102.0
Feb.		214.0	212.0	279.8	268.9	259.93	102.6
March		217.4	214.8			261.56	99.7

* Not seasonally adjusted.

Last year, half a
decision makers got



Corporate jets

More to the point, they had every reason for doing so.

Because, until now, executives who found themselves taking thirty or forty long-distance business trips a year had but two options.

The first was the airlines. The subway system of the sky, so to speak.

The second was the private corporate jet. For executives with the muscle tone to sit cramped for hours, the patience to keep stopping for fuel and inordinate amounts of money to burn.

The airlines: Even as they raise their fares, they lower our expectations.

The airlines have two major drawbacks. The routes they don't fly, and the routes they do fly.

CAB statistics covering the two-year period since the onset of deregulation show that less profitable routes are being dropped at the alarming rate of over 42 cities per year.

On routes they do fly, rising air fares are overtaken only by rising columns of red ink, making further price hikes more than likely.

And let's not forget the traffic jams to the heavily congested airports, the long lines at the ticket counter and the gate, the indifferent flight attendants, the curious food, the movie they show while you're trying to work, and, of course, the luggage that flies north even as you fly south.

What you can forget is the most important requirement of high-level business travel in the twentieth century.

Random access. The ability of an executive to fly anywhere at a moment's notice. Be it to sign a merger, beat a deadline, handle a crisis or negotiate a treaty.

There is, in fact, only one conceivable way for a corporation to give its top executives random access to jet transportation.

Give them random access to a jet.

And considering the aircraft available until now, the reluctance of most corporations to do so is almost forgivable.

The corporate jet: If man was meant to fly, why did they make it so expensive?

The forerunners of corporate aircraft like the Falcon 50 and the Gulfstream III were designed fifteen and twenty years ago respectively, when a gallon of jet fuel cost less than a dime.

Which explains why the designers were so unstinting in the amount of fuel they allowed their machines to feed on.

But then, in the sixties, you could get away with things like that.

The problem is, the basic designs of the airplanes and the built-in need for large amounts of fuel that go with them have been perpetuated in their newest offspring.

So that flying the Gulfstream III across the Atlantic and back, for example, requires the purchase of no less than 5,230 gallons of jet fuel.

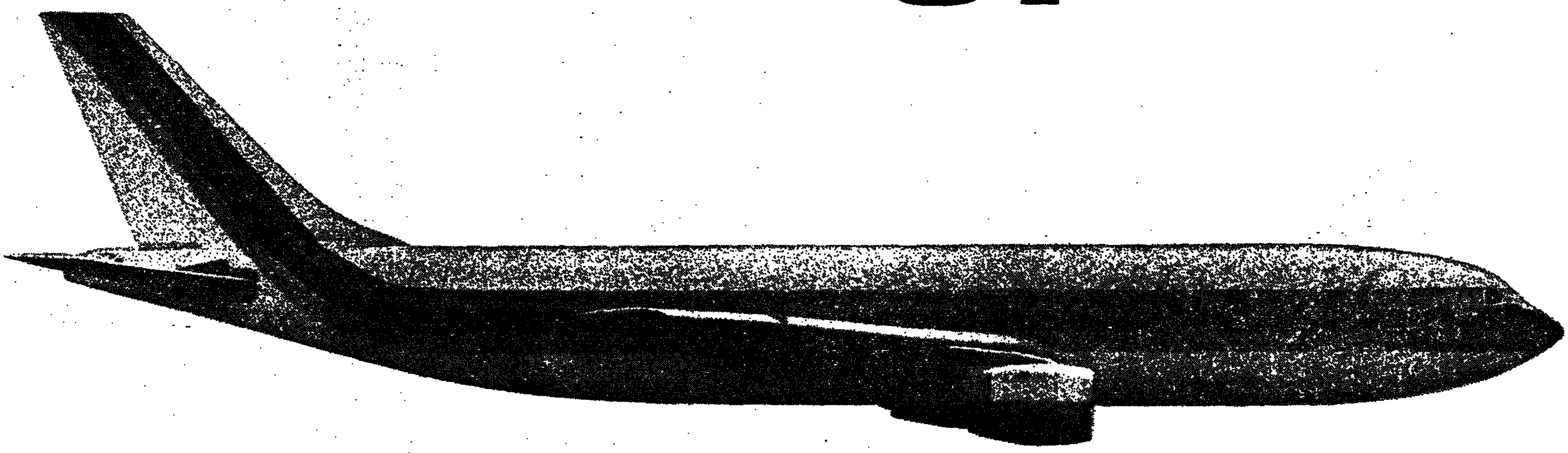
(The Gulfstream III is also every bit as noisy as its predecessors. Nearly three times as loud as the Challenger on takeoff, twice as loud on approach for landing and over four times as loud on sideline, which is precisely where noise has the most impact on the surrounding community.)

What executives clearly require, then, are corporate jets that strike an entirely new balance between bigness and comfort on the one hand and uncompromising frugality on the other.

And that can hardly arise from a concept of air travel based on the ease and abundance of the sixties.

It has to come from a con-

million of the world's on the wrong plane.



The airlines

cept of air travel born of the gas lines and fuel shortages and price hikes of the seventies.

The Canadair Challenger: It will fly you more economically and in greater comfort than any other intercontinental corporate jet in the world.

Remember the 5,230 gallons of fuel you need to fly the Gulfstream III across the Atlantic? The Challenger will make the same trip on 4,055 gallons.

Overall, the Canadair Challenger averages a 22% lower rate of fuel consumption per mile than a Gulfstream III, virtually the same rate of fuel consumption per mile as the far smaller Falcon 50 and, hard as it may be to believe, a 3% lower rate of fuel consumption per mile than the tiny, short-range Falcon 20F.

Yet the Challenger is bigger than all of them in the one dimension most critical to passenger comfort and a realistic working environment: width.

Measured at the floor line, both the Canadair Challenger and the bigger, even longer-range Canadair Challenger E are roughly 30% wider than the Gulfstream III and 48% wider than the Falcon 50.

And speaking of range.

The IFR range of the Canadair Challenger makes it one of the few corporate jets in existence that can cross the Pacific with one stop.

Or fly from New York to the Middle East with one stop.

Or fly from Honolulu to Denver non-stop.

Or from Washington to London non-stop.

For the first time in history, private intercontinental business travel is a practical, economical reality.

We're sorry it took so long.

For more information on the Challenger, call James B. Taylor, President of Canadair Inc., at (203) 226-1581. Or write Canadair Inc., 274 Riverside Avenue, Westport, CT 06880.

In the Mideast business world, TAG Aeronautics Ltd. is the exclusive distributor and representative for Challenger sales and support. For further information, contact Adel A. Oubari, Vice President, TAG Aeronautics Ltd., 14 Rue Charles Bonnet, 1211 Geneva 12, Switzerland. Phone: (022) 46 17 17. Telex: 289 084.

canadair challenger

Technical Page

EDITED BY ARTHUR BENNETT AND ALAN CANE

Mitsubishi stars on the big screen

MITSUBISHI, THE Japanese electronics giant, seems to have taken a massive step in the provision of mass entertainment.

Literally for the masses, for it has developed a huge outdoor video screen for use in stadiums, amusement parks and arenas.

The screen comes in a variety of sizes up to six metres by nine metres and costs up to Y700m (about £1.5m).

It consists of an array of 25,000 high intensity electron tubes in the three basic video colours red, blue and green.

According to Mitsubishi, each tube is under independent computer control enabling full colour images to be built up.

Observers who have seen the screens (Mitsubishi calls it Diamond Vision) report that the image is clearly visible, even in bright sunlight.

The tubes are also said to be efficient in their use of energy running at only a fraction of the consumption of a conventional lightbulb display.

The system is compatible with all standard video hardware.

It offers slow-motion replay, live coverage, information over image and character displays.

Mitsubishi in London is on 01-248 7941.

Pipes cleared by magnets

A U.S.-MADE hydrodynamic descaler for treating the pipes and channels in heated water circuits, marketed in Britain by HDL, Horley, Surrey (029 34 73014), is claimed to prevent all deposits of dissolved minerals in the water, typically calcium bicarbonate, by means of a strong magnetic field.

The device is installed by replacing a short section of pipe in the cold water feed to the circuit to be descaled and/or protected, says HDL.

The size of the unit depends on the flow-rate, the smallest being suitable for a flow of about 900 gallons an hour. Other standard units are claimed to be capable of treating up to 700,000 gallons an hour for the cooling water supply to a power station or a steel furnace. Special versions can be supplied to order.

When the device is installed in the cold water feed the magnetic field excites the electrons in the molecules of dissolved minerals, thus preventing their crystallisation and causing them to precipitate as minute particles. Most of these particles remain suspended in the water flow and pass straight through the system, while the remainder settle at points in the piping where they can be drawn off periodically through a trap.

At the same time, any existing scale crystals begin to break down and are also carried along to the trap for periodic removal. Measurable improvements can occur within seven to 14 days, says HDL.

The descaling unit is self-contained, self-powered and has no moving parts. It requires no floor-space, chemicals, electrical connections or labour, apart from the possible annual removal of slurry from the traps.

The system was devised by the Hydrodynamics Corporation, of Gretna, Louisiana, and is said to be used by the U.S. National Coast Guard Institute, Miami International Airport, the State Government of California, and departments of the Federal Government in Washington.

Electronic ears hear more and cost less

BY LOUISE KEHOE

ELECTRONIC ears — devices that can understand the spoken word—will be installed in every kind of electronic system in the next few years. While it has been possible to buy computers that contain voice recognition systems for some time, the complexity of the technology, together with its greedy consumption of computer power, has meant that the cost has been prohibitive for all but the most sophisticated applications.

Now, with the progress of speech technology, and advances in semi-conductor device integration, electronic ears—albeit with only a primitive vocabulary—could cost as little as $10 a piece before the end of next year.

This fall in prices will mean that voice recognition technology can be applied to a huge range of products; from electronic games to factory process control systems.

Market researchers at SRI International of Menlo Park, California, expect present sales of voice recognition systems of about $10m to rise to more than $150m by 1983 and to top $1bn by 1988.

The potential applications of voice recognition cover almost every use of computers. Some of the most significant can be predicted to include quality control and material handling systems in the factory, word processing and data base access in the office environment, electronic funds transfer in banking and appliance and TV control in the home.

The benefits of speech recognition are obvious. Since speech is the most natural form of communication, the man machine interface becomes almost transparent when the man can speak to the machine. Instead of wrestling with a keyboard, cursor and other specialised controls, unskilled typists can simply speak commands, key words or alphanumeric characters to enter data into a computer system much faster than they can type.

In business and industrial applications, operation by speech leaves hands free for tasks that must be performed manually. In consumer products, speech recognition means simpler operation of appliances, including remote control. For the physically handicapped inexpensive speech recognition systems will open up a new world of opportunities.

The latest voice recognition products come from specialist companies in the U.S. Auricle Inc. a subsidiary of Threshold Technology (a company with a strong background in speech technology) has announced an isolated word speech recognition system that is now available for $2,500.

The system is designed to enable original equipment manufacturers (OEMs) to develop products with speech recognition capability. Later this year, the company plans to introduce a streamlined version of the product with hundreds of discrete electronic components replaced by just a few custom designed integrated circuits.

The cost of the integrated circuit version will fall to a more reasonable $500. For this the systems' manufacturer will obtain a module which gives his product the ability to recognise up to 40 pre-programmed words (the vocabulary can be expanded to 128 words by adding more memory capacity) with an accuracy of 99 per cent, Auricle claims.

> 'The company is promising a $10 single chip voice recognition system implemented with a computer that holds the word patterns in its memory.'

Interstate Electronics, of Anaheim, California, is taking a similar approach. The company is making ready three voice recognition products for introduction later this year. The first is a chip set that can understand up to 100 words at 99 per cent accuracy. This will cost under $500. Alternatively, customers could buy just the two critical chips from the system for much less. Interstate's second product will be a 25 word system selling for about $80 in large quantities.

Later, the company promises a $10 single chip voice recognition system implemented with a microcomputer that holds the word patterns and programming to analyse words in its memory. Although the accuracy of this chip would be considerably lower—in the region of 85 per cent—its low cost would make it highly suitable for use in toys and games where accuracy is not as critical.

Heuristics Inc of Sunnyvale, California, claims to have pioneered low-cost voice recognition with a system designed for use with personal computers that the company introduced four years ago.

Heuristics has sold 11,000 voice recognition systems since then. The company now offers a variety of products—from board level systems up to complete computer terminals. Its latest product is a voice data input computer terminal.

It combines the speech recognition capability of Heuristics' circuit board with a Lear Siegler computer terminal. The final product is a stand-alone integrated voice input terminal supplied with a noise cancelling headset microphone. The Model 5300 will sell for $3,925.

Barry Schiffman, Heuristics' President, is more conservative about the future of the voice recognition market than his competitors. He believes that it will be 1983 before chip sets—comprising two or three integrated circuits—will become available and he says that even then the performance may be disappointing.

One problem in assessing the performance of voice recognition systems is that so far nobody has worked out a standard listing method. All the systems are sensitive to the quality of the voice input. Background noise, microphone placement and the clarity of the speaker's voice can play havoc with performance.

At a recent computer conference in San Francisco, a researcher from Hewlett Packard presented arguments for an industry standard test, which could be applied to all new systems. This has, however, yet to be introduced, and could meet with some resistance from manufacturers.

Electronic speech recognition remains an extremely complex process, and one that is still not completely solved. According to one expert, it will probably be another 10 years before an ideal solution can be found. But the latest technology provides systems that can understand isolated utterances — single words, or short phrases — with a high degree of accuracy.

These systems must be "trained" to recognised a limited vocabulary of words, and most require that the operator teaches the system to respond to his or her voice. Despite the limitations, however, they will be widely acceptable.

The basic approach to all voice recognition systems is similar. First, speech input is analysed for energy content in each of about 16 frequency bands. This produces a digital signal which contains most of the vital information describing the original speech signal. Next, the digital signal is further simplified using a variety of techniques which aim to cut out redundancies.

Patterns

The purpose of this data compression is to make the computing and storage tasks more manageable. Finally, the input signal is compared with stored templates or patterns which represent the vocabulary of the system. When a good match is found, the machine recognises the word.

The integrated circuits used to perform the speech recognition tasks have done much to bring down its price by reducing the number of components required and by offering high level computer power in the form of microprocessors.

But processing power and memory capacity cannot alone produce accurate voice recognition systems. The key is in the analytical algorithms, or codes, that determine which parts of a speech signal are critical to recognition. For single word (or phrase) recognition these algorithms have been fairly well worked out.

Continuous speech recognition is however much more difficult. Although researchers at IBM, Bell Laboratories and elsewhere are making strides with experimental systems, experts believe that continuous speech recognition systems must improve their performance by a thousandfold in cost effectiveness before general applications will be commercially feasible.

In the near future, the proliferation of isolated word speech recognition systems will be given a boost by the entry of major semi-conductor manufacturers into the market. Several big companies, in the U.S. and Japan, are known to be working on developing low cost voice recognition systems.

National Semiconductor and Texas Instruments, both of which have led the speech synthesis field, each have products in development. Intel is also believed to be working in this field.

The U.S. companies expect, however, to face stiff competition from Japan. Hitachi and Nippon Electric are the companies most likely to make an impact in voice recognition, say industry experts.

While it might be reasonable to assume that the semiconductor houses will concentrate on the low performance end of the market with chips aimed at high volume consumer applications, some of the companies are also working on high performance voice recognition systems.

● CORRECTION

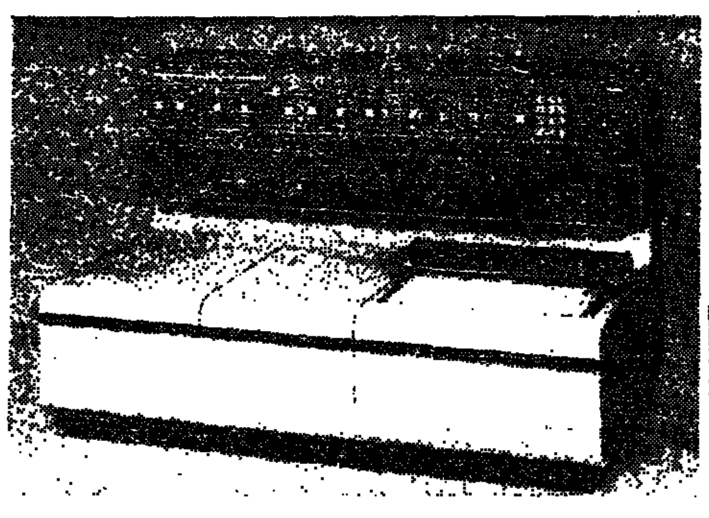
IN OUR REPORT yesterday of a new floor-cleaning technique introduced by Parfloor it was incorrectly stated that liquid hydrogen is used. The element is, of course, liquid nitrogen.

NEWS IN BRIEF

PAINT

A PAINT for commercial vehicles which is claimed to permit masking for a second colour application to begin only five hours after the first and yet hold its "wet edge" for a high gloss finish, has been developed by Berger Paints (01-590 6030).

Known as Superfleet, the synthetic enamel finish is designed for all types of commercial vehicle. Berger claims that it can be re-coated at any stage without the risk of "lifting."



INSTRUMENTS

AN ADDITION to its range of its SP8 series of double-beam scanning ultra-violet-visible spectrophotometers has been introduced by Pye Unicam (0223 358866).

Designated the SP8-500, it is a second-generation microprocessor-controlled instrument intended to fill a gap between the low-cost SP8-300 and SP8-400 and the research-performance SP8-200 and SP8-250.

Pye claims that the SP8-500 breaks new ground by using the microprocessor to effect the continuous adjustment of scan speed, eliminating time-wasting on flat areas of a spectrum, and yet avoiding any cropping or shifting of sharp peaks.

Combined with an automatic chart and monochromator alignment, the speed of operation enables the most junior technician to reproduce rapidly the results of a trained spectroscopist, Pye says.

After switch-on the instrument automatically checks its various memory locations, lights all front-panel indicators and stores a baseline ready for the day's work. It then guides the operator through every step with the self-checking keyboard, giving audible or visible indication of any operational error. It also corrects for mismatched cells, overlays spectra at timed intervals, and carries out wavelength selection programs.

TELECOMMUNICATIONS

A DEVICE which enables an executive to get through by telephone to his company's privately leased circuit from his home or any other remote location has been introduced to the UK by Eurep, Chepstow (029 12 5614).

Made by the Teltone Corporation, Kirkland, Washington State, the device works in conjunction with a PABX, PBX or key telephone system.

The executive dials a telephone number linked to the device, called the M-106 remote service access unit, which then answers the call with an audible 1½-second tone. Using a push-button telephone keypad or a hand-held tone generator (Teltone M-101) he then enters a three-digit security code.

When the correct code is entered the caller receives a dial tone or answer tone. Then he can dial by the keypad through the PABX, PBX or key telephone system directly to an outgoing leased line as though he were dialling from his office desk, says Eurep.

THE MARKETING SCENE

EDITED BY MICHAEL THOMPSON-NOEL

A bitter harvest for the beer makers

BY GARETH GRIFFITHS

THE SLUMP in beer sales *which started a year ago surprised* the brewers' marketing departments as much as the rest of the industry. But unlike other industries faced with falling demand, the total spent on advertising appears to have held, rather than increased.

The launch today of the 1981 Heineken campaign by Whitbread throws into relief much of the recent marketing developments in the brewing industry—notably the emphasis on lager and the debate within the industry as to how effective Continental imagery is in selling beer.

Heineken will concentrate on a much more Continental-based campaign with TV commercials showing "typically Dutch" scenes of cheeses and dykes.

Lager is still the brewers' darling after its phenomenal growth of the past 10 years.

By contrast, mild beers, premium and non-premium bitters and stout, have declined both absolutely and relatively.

Beer sales fell by 3.9 per cent last year and are expected to fall a further 3 per cent in 1981.

The six major brewers all see lager as providing up to 40 per cent of the total beer market by the end of the decade, and it is in lager that the bulk of marketing effort is placed. Lager advertising takes up about 60 per cent of total budgets, proportionately well *above its share.*

The buoyant lager marketing effort has been strongly helped by the large numbers of new lagers that have been launched during the past three years. Small brewers have increasingly joined in, and there are now an estimated 120 different lagers on sale in the UK, albeit many of them on a regional basis.

Lager presents marketing staff with two problems. The drink has now almost become a commodity product, bought on price rather than quality. *At the same time, in order to push* sales, it has become imperative to establish brand awareness, hence the Teutonic sounding names in many instances and the almost phrenetic concern with image.

J. W. Cameron, the Hartlepool brewer, part of the Ellerman group, and Young's the London brewer, for example, both brought out new lagers at the same time last summer with radically different marketing approaches which both *Breweries say have paid off.*

Both had similar problems with their existing lagers. Young's produced Saxon, which had been introduced in 1969 and had proved a disappointment, accounting for only 5 per cent of output.

J. W. Cameron was stuck with a *similar* product called Icegold which had achieved below its projected market share and had also proved to be a major disappointment. Both brewers decided it was necessary to introduce new lagers. It was at that point that all similarities ended.

J. W. Cameron decided to opt for a totally Teutonic, Continental approach. It came to an agreement with Dortmunder Actien Brauerei to produce a new lager, Hansa, under licence at Hartlepool. DAB had exported lager to the UK since 1972 without achieving satisfactory sales, as the company lacked a base.

Cameron, which supplies nearly 1,000 public houses, clubs and hotels in the North East, provided the base. The company decided that the promotion would have to be humorous and memorable in order to establish brand loyalty. It came up with the phrase: "You hav *ze thirst, ve hav the* Hansa."

Two comic commercials were produced for viewing on Tyne Tees and Yorkshire as part of a £400,000 television advertising campaign. The slant of both commercials and the poster advertising relied on the word play around Hansa, which the brewery says has now become part of the local vernacular around Hartlepool.

The lager has sold well according to the brewery, and in February accounted for 26 *per cent of Cameron's total* sales.

Cameron management is now so confident about the lager it is prepared to provide its marketing package to other brewers taking into account Hansa, under licence from DAB.

Tolly Cobbold the Ipswich brewery, also part of the Ellerman group, has taken the whole marketing campaign directly from Cameron and says it is working in East Anglia.

Young's adopted a strategy that was much more low key and self consciously English in *appeal. Its lager John Young's* London lager, named after the chairman of the family controlled company, relied on three slogans proclaimed from posters:

"Brewed for bulldogs, not alsatians": "Brewed for Tom, Dick and Harry, not Franz, Claus and *Willy,*" and "A better brew than the average brau." These set the tone for the campaign.

Young's operate on a much smaller scale than Cameron's. The company has 139 pubs but supplies lager to about 1,000 outlets. A three-month campaign relying on posters and to a lesser extent beer mats cost about £25,000.

A company like Cameron's is lucky in that its products have the general approval of Campaign For Real Ale members and this word of mouth recommendation usually helps sales.

The brewing industry's advertising expenditure is mainly concentrated, however, among the Big Six brewers. The Brewers' Society says that industry spending in 1979-1980 was about £33.5m, or less than ½p a pint.

Poster advertising has made a comeback over the past five years. The Guinness Supporters' Club campaign, designed to boost sales of bottled Guinness stout, relies very heavily on posters.

Poster advertising has also been an important vehicle for *advertising regional* brands. While the national brands such as Allied's Double Diamond and Whitbread Tankard have proved disappointing, regional have increased their market share.

The term regional ale does not only cover the real ales beloved of *CAMRA but also keg* beer produced locally. Whitbread's local ales, which account for about 20 per cent of the group's beer sales, have gone up by 50 per cent in the last year.

Posters such as the one for Welsh Bitter "Never forget you're Welsh" have helped push regional and often revived names. Brewery executives view these campaigns as relying on tradition and often nostalgia as their main selling points. The emphasis, like all beer adverts, is on brand name, *never on company name.*

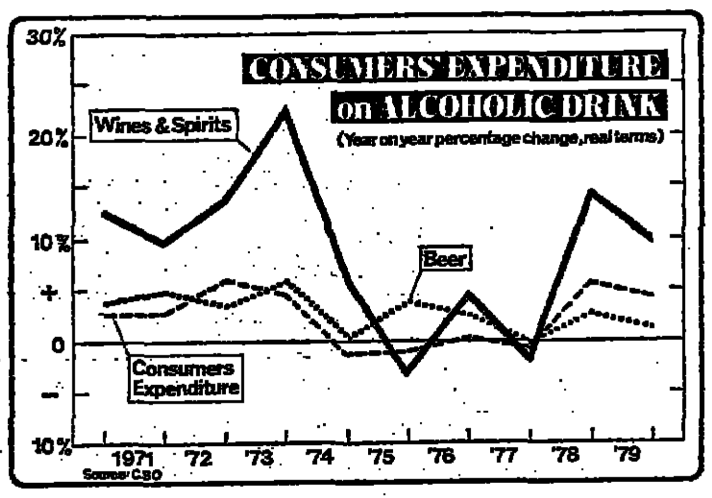
The main exception to this rule has been Courage, which in a series of 1930s style adverts has promoted its best bitter as a own house brand—a return to a brewery practice of that period.

A £1m air-time budget has spawned a hit popular music record, although Courage as the smallest of the Big Six brewers lost market share last year and is desperate for a beer to revive its fortunes.

The great success story of 1980 among beers was undoubtedly Kestrel, the lager launched by Scottish and Newcastle in April last year with a £2.5m promotional campaign. Kestrel took off rapidly because it was very cheap, and probably sparked off what became known as the lager war last summer.

Scottish and Newcastle sold the 100m can of Kestrel in February and strongly denies that the product is a cheapie or loss leader.

Prices have been increased, so it is now selling in the lower 30p a can range. The question for brewery marketing departments remains unanswered, however. What is the right balance between marketing and relying on pricing to push new brands.



DESPITE GROWING pressure from the health lobby for some form of clamp-down, the beer makers spent £39.7m on main media advertising last year, according to figures from Media Expenditure Analysis.

The corresponding figure for 1979, when spending was depressed by the ITV strike, was £24m. The amount spent advertising all forms of alcoholic drink last year, according to MEAL, was in excess of £76m, writes Michael Thompson-Noel.

The beer makers were well to the fore at the annual British Television Advertising Awards in London this week, capturing five of the 15 gold awards made by the judges.

The brands involved were Holsten Export (agency: Gold Greenless Trott), Courage's Best Bitter (Boase Massimi Pollitt, see picture) and Heineken (Collett Dickenson Pearce).

The ITV Award for the year's top TV commercial went to Lego (UK) and the TBWA agency. (On the basis of three points for a gold, two for a silver and one for a bronze, the top-scoring agencies were CDP, 24 points, BMP, 16, Saatchi and Saatchi Garland-Compton 10, and Gold Greenlees Trott, 8).

The drink manufacturers' right to advertise was defended last week by Peter Marsh, chairman of the Allen Brady & Marsh agency in an address to the Conservative Parliamentary Media Committee.

He maintained that fresh speech and free commerce were inextricably linked, and said that "censorship of honest trading" was a very slippery slope.

The thrust of his argument, he told MPs, was that the total level of alcohol consumption in Britain or elsewhere was not caused by advertising, and that entirely different factors were at work that needed to be identified.

Of the major developed countries, Mr. Marsh said, only the Japanese drank significantly less than the British. "In terms of per capita consumption, we are 20th in the ranking of spirits drinkers, 10th in the ranking of beer drinkers, and 9th in the ranking of wine drinkers," he said.

Total sales of beer in 1979, he said, were worth £5.6bn, so that the £24m spent on main media advertising represented an advertising-to-sales ratio of 0.43 per cent.

Rather than contemplate restrictions, he said, the *Government should "spend* more on social education than the £1.75m allocated last year to the Drink and Drive campaign."

Market research holding its own

NOT MARVELLOUS but it *could be a lot worse seems to* be the reaction of the leading market research companies to the recession, at least of the 27 who belong to the Association of Market Survey Organisations. Since they accounted for a 1980 turnover of £58m, four-fifths of the industry total, *their experience* is pretty well informed, writes Antony Thorncroft.

Turnover last year was up 14 per cent against a general inflation rate of 18 per cent. In the previous year, the research companies had grown with inflation, but obviously last *year clients were holding back* a little on commissioning research.

This year experiences are mixed, but the general view is that a first-quarter increase of 9 per cent, just below the inflation rate, points to a slight improvement.

There were great variations in the profit margins of the top research companies, ranging from 11.3 per cent for AGB on a research turnover of £13.6m and the 12 per cent of Nielsen on a turnover of £9.35m, to an apparent loss by Marplan and a margin of only 1 per cent for BMRB.

As usual, the companies with strong continuous surveys did best. It also seems that the research business has learnt the lesson of the last recession, and cut back on staff already.

A feature of the business at present is the emergence of really large contracts, often won by consortia. Five companies working together through the National Surveys Consortium have picked up a £1m-plus assignment to research the EEC labour force, while the national *housing survey, also costing over £1m, is shared around the* leading firms. But medium-sized MAS put in such a competitive bid that it has picked up most of the £1.2m GLC planning research work and there should be keen rivalry for the joint BBC-ITV audience research contract now coming on the market. AGB, must, however, rank as favourites to retain this £1m-plus account.

In general, prosperity depends on the specialisation of the research companies and their success in developing continuous surveys. In general, *food research continues to* increase in importance, from 18.8 per cent of revenue in 1978 to 22.2 per cent last year, way ahead of media research in second-place with 7 per cent.

However, research *commissioned* by the Government showed the biggest fall of the year, virtually halving to 3.8 per cent of total AMSO turnover.

All in all, research seems to be matching advertising in riding the recession better than *in the past, but with the worst* impact perhaps to come next year. Even so, the growth of new areas of research, and better management, is helping reduce the impact of slimmer marketing budgets.

Etcetera

● GRANDFIELD RORK Collins has won the News of the World account, and is to handle the launch this autumn of the paper's new colour magazine. No budget has been set, but the launch cost is said to be substantial. Introduction of the magazine, says News Group managing director Bruce *Matthews, will enable* it to promote the NoW far more strongly. At present, only 40 per cent of Sun readers take the NoW. The Sun is the group's flagship daily. There is a strong view that News Group will eventually turn the NoW into a Sunday version of the Sun.

● D'ARCY MACMANUS & Masius has resigned the Sunday Express account, which it says had "lain fallow" until last Sunday's launch of the Sunday Express colour magazine. The Sunday Express may spend up to £1m on advertising this year.

● FINANCIAL TIMES Business Publishing has appointed Pincus Vidler Arthur Fitzgerald as its agency. The account is reported to be worth £400,000.

● EURO ADVERTISING Group, part of the J. Walter Thompson organisation, says projected 1981 billings are approximately $210m, an increase on 1979, when the holding company was formed, of 130 per cent, new partner agencies included. According to Manfred Senkel, president of EA Holding: "The Euro Advertising *Group has achieved its first ambitious goals, as indicated by its* growth." Euro has 12 agencies in Europe, the U.S., Canada and Australia.

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You possess 3–5 years experience in construction project accounting including payroll, project cost accounting, purchasing and contract administration. Aged about 30, you are a graduate or hold a similar qualification, and you'll be responsible for the day to day running of the construction site activity, reporting directly to the Financial Controller.

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- An attractive salary will be offered to the right candidate.

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Please send your application to: The London Representative, The Bank of Bermuda Limited, Representative Office, Grocer's Hall, Princes Street, London EC2R 8AQ. *Interviews will be held in London in early May.*

THE BANK OF BERMUDA LIMITED

KUWAIT

Our client, a substantial multiple interest trading group, seeks to fill the following two senior positions.

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We seek a 24-30 year old MBA, with a flair for analytical work and a firm grasp of accounting principles. We prefer someone with one to three years experience in a manufacturing industry, but would also be interested to hear from exceptional MBA candidates graduating from business school this year. An excellent command of written and spoken English is essential.

Please send your application with a curriculum vitae and salary requirements to:

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GIB

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Irving Trust Irving Trust Company
36-38 Cornhill
London EC3V 3NT

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(Salary is subject to revision in 1981)

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Applications should be addressed to the General Manager, Industrial Development Corporation, 10-12 Independence Square, Port of Spain, under confidential cover, through the High Commissioner for Trinidad and Tobago in London, 42 Belgrave Square, London SW1 8NT, and should reach him not later than April 28th, 1981.

Only applications from nationals of Trinidad and Tobago *or other West Indian nationals will be acknowledged.*

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£19,400 - £20,400

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Starting salary within range indicated.

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This appointment is open to men and women.

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Please write, in the first instance, with details of your career, to the firm of management consultants who are advising on these appointments. Complete confidentiality will be observed and no information divulged without your agreement.
The Managing Director, Spencer Stuart Management Consultants, Brook House, 113 Park Lane, London W1Y 4HJ.
Telephone: 01-491 3866.

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Kevin Done, in Frankfurt, explains why almost nothing seems to be going right for West Germany's railways

The Bundesbahn's dismal track record

THE TRAINS in West Germany still run largely on time, but that is about all that is going right for them. If the age of the train has arrived, it is making precious little impact on West German railway results. The Deutsche Bundesbahn, the West German railway system, is managing to push up its revenues slowly—even though that is largely through price increases—but the gap between revenues and costs is wider than ever. In the 10 years from 1971 to 1980 DB ran up losses of DM 35bn (£7.4bn).

It is carrying a debt burden of more than DM 32bn and for 1981 it is working with the well-grounded fear that its losses are going to jump by at least another DM 1bn to a record DM 4.8bn.

The German railways are not alone in their problems, of course. There is hardly a railway system in the world today that is not running up thumping losses. The revenues generated directly by the railways in most developed countries are enough to meet only 50-60 per cent of their costs and none of the European networks would exist without considerable state support.

From 3kms of track a day to 22kms in more than a decade

As an internal report by the Deutsche Bundesbahn makes clear, the only profitable railway system in Europe is that owned by the small privately-owned Swiss company Bern-Lotschberg-Simplon. But that has only 235 kms of track linking the Swiss and Italian state railway networks.

The problems facing Dr. Wolfgang Vaerst, chairman of the Deutsche Bundesbahn, are like those that confront most of his colleagues in Europe. In a time of extreme pressure on public expenditure it is as difficult for Dr. Vaerst to resist spending cuts imposed in Bonn as it is for his opposite number at British Rail, Sir Peter Parker, to convince the UK Government that British Rail's capital spending should be dramatically increased as its only way to survival.

European railways face a paradox, or as Dr. Vaerst expresses it: "There is the good news and there is the bad news." The good news is that railways are back in fashion. "There is indisputably a movement in favour of the railways which stems from growing awareness of environmental and energy problems," he says. "The railways take up the least space, they produce virtually no pollution, they are almost independent of oil, and their negligible accident rate means they are no burden to society."

The bad news is simply that this new-won popularity "is not being reflected in the desired way in the railways' financial results."

But the present malaise of the Deutsche Bundesbahn also arises from peculiarly German problems afflicting the economy and reflects some of the doubts being expressed about political leadership in Bonn.

In the fat years when the economy was booming and the country was amassing a healthy surplus on the current account of the balance of payments, it did not appear to matter so much that the cash swallowed each year by the Bundesbahn from the Federal kitty accounted for some 6½ per cent of the Federal budget (the average for the years 1977-79).

Certainly, concern was expressed in the mid-1970s, following the first oil crisis, which led to the Deutsche Bundesbahn producing a series of strategic survival plans. The most radical suggestion, recalling the spirit of Dr. Beeching who took the axe to British Rail in the 1960s, envisaged cuts that would nearly have halved the German rail network. By 1977, however, with the German economy already showing its ability to digest the first major round of oil price increase quite successfully, there was little political stomach for such a drastic move. Deterred from closing as much as 14,000 kms of the 28,552 kms rail network, the Bundesbahn came up with two more less painful plans. Eventually the Federal Cabinet accepted the mini-solution, which called for no line closures but allowed the DB to remove passenger traffic from 6,000 kms of the network.

That was in 1977. More than three years later all that the DB has managed to push through is the removal of passenger traffic from 1,000 kms of the network.

If the Deutsche Bundesbahn at one end of its operations is unable to close under-used, hugely loss-making lines—local rail passenger transport covers only 25 per cent of its costs—at the other end of the spectrum it is barely able to get new lines built.

It started planning major new lines in the late 1960s, concentrating on stretches from Hanover to Würzburg and Mannheim to Stuttgart with a total length of more than 600 kms. At the turn of the century, the old German Reichbahn was laying new track at the rate of 3 kms a day. Today's Bundesbahn has managed all of 22 kms in more than a decade.

New tracks remain a top priority—the Hanover-Wurzburg and Mannheim-Stuttgart lines would mean a DM 500m annual improvement in results, says the Deutsche Bundesbahn board—but in the meantime it can only look jealously at the more expeditious way the planning process is completed in other parts of Europe, particularly in neighbouring France. The French railways, SNCF, with the help of a 1976 Government decree, will this year be bringing into operation a new 389 kms track from Paris to the south-east—with trains travelling up to 360 kms an hour—for which planning only began in 1972.

The DB plans investments of DM 15.5bn between 1981 and 1990 on the building of 614 kms of new track and the modernisation and upgrading of 1,970 kms of existing track, with further investment of DM 8.4bn in this sector after 1990. But it estimates that DM 1bn of investment, that would have been spent, is already blocked in the planning process.

Meanwhile, its finances have been going from bad to worse. The brief respite that came in 1979 when the financial picture brightened as the German economy boomed is beginning to look like a statistical aberration.

Last year the DB's total receipts rose by 6 per cent to DM 25.5bn, but its costs rose by 6.2 per cent to DM 29.3bn, leaving a deficit for the year of DM 3.8bn, some DM 200m higher than in 1979. This year, however, as the economy weakens the railways expect their deficit to deteriorate sharply to DM 4.8bn. Price increases for rail passengers, averaging 7.9 per cent, were implemented in January. Dr. Vaerst has announced a new "dynamic" pricing policy—which is taken as a euphemism for further price rises—later this year. Receipts in this sector will go up, but declining freight tonnage will hardly be compensated for by higher tariffs. In total, railway revenues are expected to rise by DM 400m this year to DM 25.9bn.

Pushing the Bundesbahn deeply into the red, however, is its growing mountain of costs, which is expected to total DM 30.7bn this year. Personnel expenses amounted to 68 per cent of the railways costs last year and the public sector unions, which include railway workers have just put in a 7 per cent wage claim for 1981.

Most worrying for Herr Hans Hermann Reschke, finance chief of the Deutsche Bundesbahn, however, is the growing burden of debt the railways are having to service each year. The network's indebtedness doubled during the 1970s from DM 15.6bn in 1969 to DM 31bn in 1979. Unscheduled cuts in federal subsidies in the second half of 1980, forced by the worsening economic situation, pushed the DB out into the capital markets at short notice in November and December, with the result that its total indebtedness had climbed to DM 32.1bn by the end of the year.

This year Bonn has already cut DM 800m from the originally sanctioned DM 4.7bn railways capital spending plan for 1981 as part of its attempts to get public expenditure under control and it has told the DB that it cannot resort to the financial markets to make up the difference as it did last year.

As long as the Federal Government does not do more to write off the DB's losses each year—the railways' financial position in this respect is more difficult than that imposed on most other state railway concerns in Europe—there seems little chance of it cutting back its indebtedness.

The Government's transport policy now recognises that there should be a shift of resources towards the railways and away from the roads. The Bundesbahn's longest-standing grievance is that for years the roads were unfairly favoured by the public purse. Since 1960 the motorway network in the Federal Republic has expanded from 2,550 kms to 7,290 kms, while hardly a single kilometre of new track has been added. Of federal transport capital spending plans over the next 10 years some 29.1 per cent is destined for rail against 16.4 per cent in the previous decade, while the roads' share is being dropped from 53.2 per cent in 1971-80 to 42.4 per cent over the next 10 years.

The big question remains, however, whether Bonn will actually be able to put these plans into practice. Last year DM 1.6bn of planned federal subsidies were cut from the railways at short notice, this year DM 800m has already gone, more cuts are feared and the Government's budgetary squeeze is hardly easing.

Railway debts could reach DM 33.8bn by the end of the year

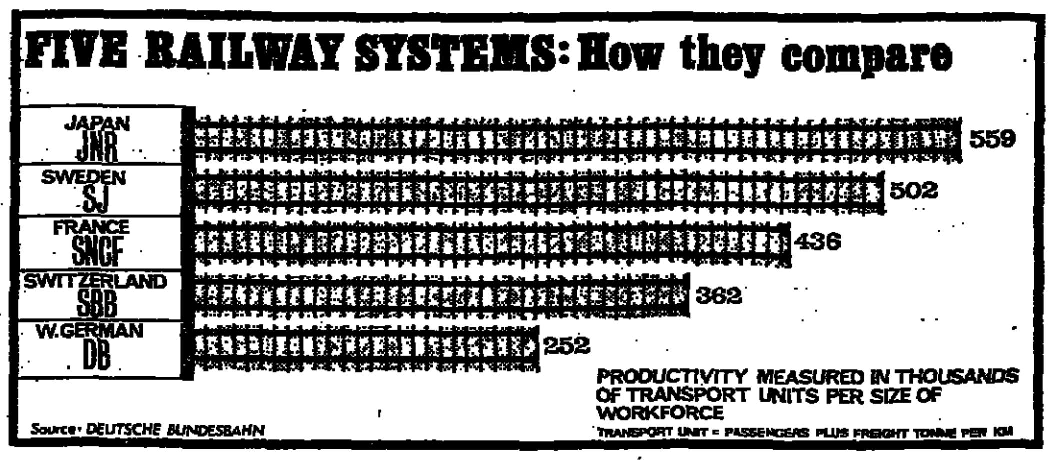
A comparative study made by British Rail and published in 1979 admitted that the financial system imposed on the Deutsche Bundesbahn was the "most onerous" of any among the leading eight West European rail networks in the way that its capital indebtedness was forced up by the accumulation of past deficits. But how does it compare in other respects?

Studies made by both British Rail and the Deutsche Bundesbahn itself in the last couple of years tend to score the German railways around the middle or in the lower half of most league tables that measure productivity and efficiency. Compared to several other networks, it appears over-staffed.

International railway comparisons are bedevilled with qualifications, however — most European networks have refused to co-operate with a continuation of the BR 1979 study because of fear of figures being used "out of context" to their disadvantage—and the particular characteristics of the Deutsche Bundesbahn do make for a distorted picture. It runs on a system designed for the East/West axis of the German Reich but now has to cope with the North/South axis demands of the Federal Republic. It runs through a densely-developed country with no one centre, with a demand therefore for far more stations than, say, France, but with shorter journeys. For political/social reasons it has to maintain a bloated network, but no clear account is made for social work in its profit and loss accounts.

It has shed many jobs, too. Since 1974 82,000 jobs have been cut from the DB workforce to a total of 327,000 at the end of 1980. Since 1958 the workforce has been cut by 189,000.

The fact remains, however, that in one of the DB's own studies its productivity falls far behind that of France, Sweden, Switzerland and Japan, the countries in the study. Special factors might account for some of the difference, but it is hard to escape the conclusion that Germany is today supporting a rail network that it can ill-afford for the future.



Martyn Barnes

COMPANY NOTICES

De Beers Consolidated Mines Limited

Incorporated in the Republic of South Africa

NOTICE TO HOLDERS OF DEFERRED SHARE WARRANTS TO BEARER

ISSUE OF NEW COUPON SHEETS

NOTICE IS HEREBY GIVEN to holders of deferred share warrants to bearer that new sheets of coupons 67-93 with talons attached may be obtained on or after 1 May 1981 against surrender of talon No. 1 detached from deferred share warrants to bearer at the following addresses during normal business hours:

London Bearer Reception Office, Charter Consolidated Limited, 40 Holborn Viaduct, London EC1P 1AJ.

Banque Rothschild, 21 rue Laffitte, 75009 Paris.

Banque Bruxelles Lambert, 2 Rue de la Regence, 1000 Brussels.

Societe General de Banque, 3 Montague du Parc, 1000 Brussels.

Banque Internationale a Luxembourg, 2 Boulevard Royal, Luxembourg—Ville.

Credit Suisse, Paradeplatz 8, Zurich 8021.

Swiss Bank Corporation, 1 Aeschenvorstadt, 4002 Basle.

Union Bank of Switzerland, Bahnhofstrasse 45, Zurich 8001

Talon forms are available at the abovementioned offices.

For and on behalf of
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
London Secretaries
J. C. GREENSMITH

16 April 1981

De Beers
De Beers Consolidated Mines Limited

CANON INC.

Advice has been received from Tokyo that the Board of Directors has declared a payment of DIVIDEND of Yen 6.00 per share for the six months period ended 31st December 1980.

Holders of EUROPEAN DEPOSITARY RECEIPTS TO BEARER (SHARE EDR's) wishing to claim this dividend in respect of the shares represented by their share EDR's should present Coupon No. 36 at the offices of HILL SAMUEL & CO. LIMITED, 45, BEECH STREET, LONDON EC2P 2LX, where listing forms are available, or BANQUE INTERNATIONALE A LUXEMBOURG, 2, BOULEVARD ROYAL, LUXEMBOURG.

Holders of BEARER DEPOSITARY RECEIPTS (SHARE BDR's) wishing to claim this dividend in respect of the shares represented by their share BDR's should present Coupon No. 13 at the office of HILL SAMUEL & CO. LIMITED, 45, BEECH STREET, LONDON EC2P 2LX where listing forms are available or:

ALGEMENE BANK NEDERLAND N.V., 32 VIJZELSTRAAT, AMSTERDAM.
FIRST NATIONAL CITY BANK, 111 WALL STREET, NEW YORK, N.Y. 10015.
SOCIETE GENERALE, 29 BOULEVARD HAUSSMANN, 75 PARIS 9.
THE FUJI BANK LIMITED, IMMERMANNSTRASSE 3, 4 DUSSELDORF.
KREDIETBANK S.A., LUXEMBOURGEOISE, 43 BOULEVARD ROYAL, LUXEMBOURG.

Payment will be made in U.S. Dollars at the rate of exchange ruling on the day of presentation.

Japanese Withholding Tax at the rate of 20% will be deducted from the proceeds of the dividends, except in the case of holders resident in the following countries:

ARAB REPUBLIC OF EGYPT	THE NEDERLANDS
AUSTRALIA	NEW ZEALAND
BELGIUM	NORWAY
CANADA	SINGAPORE
DENMARK	SPAIN
FINLAND	SWEDEN
FRANCE	SWITZERLAND
IRELAND	UNITED KINGDOM
ITALY	UNITED STATES OF AMERICA
KOREA	WEST GERMANY
MALAYSIA	

To obtain payment under deduction of Withholding Tax at the reduced rate of 15% residents of the above countries must furnish a declaration of residence as required by the Japanese Ministry of Finance. The declaration must be given by an Authorised Depositary, and in respect of holders resident in the United Kingdom is incorporated in the listing form.

For residents of all other countries a separate declaration must be furnished, giving the name and address of the beneficial owner, the number and definitive numbers of EDR's/BDR's held, and attesting that he is entitled to the 5% Tax Relief persuant to the Tax Convention between Japan and the country concerned.

Share EDR/BDR holders resident in the Republic of Korea will receive payment under deduction of Withholding Tax at the reduced rate of 12%, and residents in Zambia without any deduction subject to the provision of a declaration as set out above.

Attention is drawn to the fact that the above mentioned concessions relating to Japanese Withholding Tax apply only to coupons presented for payment within 8 months of the record date. Thereafter tax will be deducted at the full rate of 20% and it will be the responsibility of the owner to claim from the Japanese Tax Authorities any refund to which he is entitled.

United Kingdom Income Tax at the appropriate rate will be deducted from the proceeds unless the Coupons are accompanied by a United Kingdom Affidavit of Non-residence.

Full information may be obtained from
HILL SAMUEL & CO. LIMITED,
45, Beech Street,
London EC2P 2LX.

THE PHILIPPINE INVESTMENT COMPANY
société anonyme
Registered Office:
LUXEMBOURG, 14, rue Aldringen
Registre de Commerce: Section B no 8.927

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

The Annual General Meeting of Shareholders of The Philippine Investment Company, S.A., will be held at its registered office, 14, rue Aldringen, Luxembourg, on 24th April, 1981, at 11.00 o'clock a.m. for the purpose of considering and voting upon the following matters:

1. To approve and accept the reports of:
   a. the directors
   b. the statutory auditor.
2. To approve the balance sheet and profit and loss account as at the 31st December, 1980.
3. Allocation of net profit.
4. To discharge the directors and the statutory auditor with respect to the performance of their duties during the fiscal year ended 31st December, 1980.
5. To elect directors to serve until the next annual general meeting of shareholders
6. To elect the statutory auditor to serve until the next annual general meeting of shareholders.
7. Any other business.

The shareholders are advised that no quorum for the statutory general meeting is required and that decisions will be taken at the majority of the shares present or represented at the meeting with the restriction that no shareholder either by himself or by proxy can vote for a number of shares in excess of one fifth of the shares issued or two fifths of the shares present or represented at the meeting. In order to take part at the statutory meeting of April 24th, 1981, the owners of bearer shares are required to deposit their shares five business days before the meeting at the registered office of the Fund 14 rue Aldringen, Luxembourg, or with the following bank:

Banque Générale du Luxembourg, S.A.
14, rue Aldringen
LUXEMBOURG

THE BOARD OF DIRECTORS.

LEGAL NOTICES

IN THE MATTER OF THE COMPANIES ACT, 1948 AND IN THE MATTER OF REYNOLDS RIGGERS LTD.
Registered Office:
218, Strand, London WC2R 1DG

NOTICE IS HEREBY GIVEN pursuant to Section 293 of the Companies Act, 1948, that a MEETING of the CREDITORS of the above-named Company will be held at the offices of Floyd Nash & Co., 218, Strand, London WC2R 1DG, on Thursday, April 30th at 3.00 p.m., for the purposes mentioned in Section 294 et seq of the said Act.

Dated this 1st day of April 1981.
By Order of the Board,
EILEEN HICKS, Director.

IN THE MATTER OF THE COMPANIES ACT, 1948 AND IN THE MATTER OF INTREND DESIGNS LTD.
Registered Office:
218, Strand, London WC2R 1DG

NOTICE IS HEREBY GIVEN pursuant to Section 293 of the Companies Act, 1948, that a MEETING of the CREDITORS of the above-named Company will be held at the offices of Floyd Nash & Co., 218, Strand, London WC2R 1DG, on Thursday, April 30th at 12 noon, for the purposes mentioned in Section 294 et seq of the said Act.

Dated this 8th day of April 1981.
By Order of the Board,
EILEEN HICKS, Director.

CONTRACTS AND TENDERS

PEOPLE'S REPUBLIC OF MOZAMBIQUE

MINISTRY OF PUBLIC WORKS AND HOUSING

NATIONAL DIRECTION OF CONSTRUCTION TECHNOLOGY

The Government of the People's Republic of Mozambique has been granted a loan from the African Development Fund (ADF) to finance, with the Government, the construction of the road Alto Molocue — Rio Ligonha. Only prequalified contracting firms will be invited to submit tenders for the works which comprise:

1. The construction of approximately 100 km of bitumen surfaced road, 7m wide with 2m wide shoulders, involving approximately 600,000m³ of earthworks, 15,000m³ rock cut, drainage and culverting.
2. Three major bridges totalling about 220m in length.

Prequalification documents are available from the following offices:

Executing Agency:
Direcção Nacional de Economia da Construção M.O.P.H.
Avenida Karl Marx 606
Maputo
People's Republic of Mozambique

Consulting Engineers:
LOUIS BERGER
71, rue Fondary
75015 Paris
France

Only contractors from member countries of the ADB or participating states of the ADF will be eligible. Completed prequalification applications must be received at the executing agency, Maputo, by the 12th May, 1981.

Intervention Board for Agricultural Produce

Invitation to tender

Tenders are invited for the urgent supply of 28,000 tonnes of soft wheat in bulk for delivery on a fob stowed and trimmed basis to an EEC port for subsequent delivery to Bangladesh. Delivery to an EEC port shall commence no earlier than 8 May 1981 and no later than 15 May 1981.

The price for the supply and transportation costs of the cereal for the above tender will be determined on examination of the tenders which must be submitted by noon on Tuesday 28 April 1981 to: Home Grown Cereals Authority, Hamlyn House, Highgate Hill, London N19 5PR.

Notice of invitations to tender together with tendering forms may be obtained from: Branch B (Cereals) Internal Market Division, Intervention Board for Agricultural Produce, Fountain House, 2 West Mall, Reading RG1 7QW. Tel: Reading 583626 ext. 368/276.

PERSONAL

TV AND RADIO PROGRAMMES

TODAY

BBC 1

† Indicates programme in black and white

9.30 am Roobarb. 9.35 Jackanory: "The Hobbit," by J. R. R. Tolkien. 9.50 The Banana Splits. 10.25 Lassie. 10.50 Play Chess! 12.42 pm Regional News for England (except London). 12.45 News. 1.00 Pebble Mill At One. 1.45 See-Saw. 2.00 "Frankie and Johnny," starring Elvis Presley. 3.25 Claire Rayner's Casebook. 3.53 Regional News for England (except London). 3.55 Play School (As BBC2 11.00 am). 4.20 The Perils of Penelope Pitstop. 4.40 Heidi. 5.00 John Craven's Newsround. 5.05 Blue Peter. 5.35 Fred Basset.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
6.55 Tomorrow's World.
7.20 Top of the Pops.
8.00 Are You Being Served?
8.30 Sorry!
9.00 News.
9.25 A Spy At Evening.
10.15 Question Time with Robin Day.
11.15 News Headlines.
11.17 Kojak.

All Regions as BBC 1 except as follows:

Cymru/Wales—5.55-6.20 pm Wales Today. 6.55-7.20 Heddiw. 12.07 am The Hope Of Glory. 12.22 *News and Weather for Wales.*

Scotland—12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 8.30-9.00 The Current Account Report. 12.05 am News and Weather for Scotland.

Northern Ireland—11.00-11.30 am Down Under Down. 3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 Sportsweek. 10.45 Kojak. 11.35 Question Time. 12.35 am News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds); Look North East (Newcastle); Look North West (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

11.00 am Play School.
2.45 pm Embassy World Professional Snooker Championship.
†4.15 "A Double Life," starring Ronald Colman.
5.55 Snooker.
6.30 News Summary.
6.35 The Easter Experience?
6.55 Delia Smith's Cookery Course.
7.30 Snooker.
8.00 "Timon Of Athens," by William Shakespeare.
10.10 Man Alive.
11.00 Newsnight.
11.45 Snooker highlights.

LONDON

9.30 am The Master Builders. 9.55 The New Accelerators. 10.20 Young Ramsay. 11.10 Wild Canada. 12.00 Gideon. 12.10 pm Get Up And Go! 12.30 The Sullivans. 1.00 News. plus FT Index. 1.20 Thames News. 1.30 Take The High Road. 2.00 After Noon Plus. 2.25 Racing from Newmarket. 3.45 Leave It To Charlie. 4.15 Five Magic Minutes. 4.20 Little House On The Prairie. 5.15 *Emmerdale Farm.*

5.45 News.
6.00 Thames News.
6.25 Help!
6.35 Battlestar Galactica.
7.30 The Kenny Everett Video Cassette.
8.00 The Morecambe And Wise Show.
8.30 TV Eye.
9.00 Hill Street Blues.
10.00 News.
10.30 High Office.
11.30 A Party In Deptford.
12.00 What The Papers Say.
12.15 am No Vain Sacrifice: Maximilian Kolbe.

All IBA Regions as London except at the following times:—

ANGLIA

9.30 am Call It Macaroni. 9.55 Rocket Robin Hood. 10.20 Ten Times Empty. 10.45 Brass in Concert. 11.25 Cartoon Time. 11.30 Floodlit Crown Green Bowling. 1.20 pm Anglia News. 6.00 About Anglia. 6.20 Arena. 7.00 Benson. 11.30 Peterborough Festival of Country Music. 12.00 Superstar Profile. 12.30 am A Programme for Holy Week.

ATV

9.30 am Table Tennis. 9.45 Patterns. 10.10 Chopper Squad. 11.00 Sesame Street. 1.20 pm ATV News. 3.45 The Stationary Ark. 4.20 Vicky the Viking. 4.50 Little House on the Prairie. 6.00 ATV News. 6.05 Crossroads. 6.30 ATV Today. 7.00 Emmerdale Farm. 11.30 ATV News. 11.35 Lou Grant.

BORDER

9.30 am Wildlife Cinema. 9.55 Animated Classics. 10.45 Tarzan. 11.35 Mork and Mindy. 1.20 pm *Border News.* 5.15 *The New Fred and Barney Show.* 6.00 Lookaround Thursday. 6.35 Crossroads. 7.00 Emmerdale Farm. 11.30 Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News. What's On Where and Weather. 6.00 Channel Report. 6.35 Crossroads. 7.00 Horses in our Heritage. 10.28 Channel Late News. 11.30 News and Weather in French.

GRAMPIAN

10.00 am *First Thing.* 10.05 Larry the Lamb in Toytown. 10.15 Bailey's Bird. 10.40 Patterns. 11.05 Tarzan. 11.55 Halas and Batchelor Cartoon. 1.20 pm North News. 5.10 Police News. 6.00 North Tonight. 6.35 Crossroads. 7.00 The Electric Theatre Show. 11.30 Soap. 12.00 North Headlines.

GRANADA

9.30 am Larry the Lamb. 9.40 Bailey's Bird. 10.05 The Fire and the Snow. 10.50 Cartoon Time. 11.00 Sesame Street. 1.20 pm Granada Reports. 4.20 Movie Matinee. 6.00 *Granada Reports.* 8.25 *This Is Your Right.* 6.30 Crossroads. 7.00 Emmerdale Farm. 11.30 What The Papers Say. 11.50 Paris.

HTV

9.40 am Animated Classics. 10.25 "Christopher Columbus," starring Fredric March. 1.20 pm HTV News. 5.10 Jobline Newsdesk. 5.20 Crossroads. 6.00 Report West. 6.30 *Happy Days.* 7.00 Emmerdale Farm. 10.28 HTV News. 11.30 SWAT.

HTV/Cymru Wales—As HTV West except: 12.00-12.10 pm Owain A'r Olion. 4.15 Brendon Chase. 4.45 Ser. 5.15-5.20 Diana and the Golden Apples. 6.00 Y Dydd. 6.15 Report Wales. 6.30-7.00 Sports Arena. 10.30-11.30 All Kinds of Everything.

SCOTTISH

10.00 am Thursday Matinee—"Journey to the Far Side of the Sun," starring Ian Hendry. 11.35 Fangface. 1.20 pm News Headlines and Road and Weather Report. 1.30 Out of Town. 3.45 The Electric Theatre Show. 4.20 Unaccustomed As I Am. 5.20 Crossroads. 6.00 Scotland Today. 6.20 Action Line. 6.30 Mr. and Mrs. 7.00 Take the High Road. 11.30 Late Call followed by Immortal Heritage. 11.55 Paris By Night.

SOUTHERN

9.30 am Call It Macaroni. 9.55 The Beachcombers. 10.20 Untamed World. *10.45 Musical Special (Julie Anthony's First Special).* 11.45 Cartoon Time. 1.20 pm Southern News. 5.15 Betty Boop. 5.20 Crossroads. 6.00 Day By Day. 6.30 University Challenge. 7.00 Emmerdale Farm. 11.30 Father Dear Father.

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 9.30 Survival. 9.55 Larry the Lamb. 10.10 Morning Movie—"Crooks and Coronets," starring Telly Savalas. 11.50 Sally and Jake. 1.20 pm North East News and Lookaround. 3.45 The Wild, Wild World of Animals. 4.20 The Fantastic Four. 4.45 Tarzan. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 7.00 Emmerdale Farm. 10.30 North East News. 11.30 Soap. 12.00 A Real Resurrection.

ULSTER

1.20 pm Lunchtime. 3.45 Stars on Ice. 4.13 Ulster News. 4.20 Call It Macaroni. 4.45 Schools Challenge. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 6.50 Police Six. 7.00 Emmerdale Farm. 10.27 Ulster Weather. 10.28 The Mercy of God. 11.30 Bedtime.

WESTWARD

9.20 am Faith For Life. 9.30 George Hamilton IV. 9.55 Feature Film: "Father, Dear Father," starring Patrick Cargill. 11.30 Out of Town. 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 6.00 Westward Diary. 6.30 Crossroads. 7.00 Westward Report. 10.31 *Westward Late News.* 11.30 *Faith For Life.* 11.40 West Country Weather, Shipping Forecast.

YORKSHIRE

9.30 am Larry the Lamb. 9.40 Spread Your Wings. 10.05 Chopper Squad. 10.50 Cartoon Time. 11.00 Bailey's Bird. 11.30 Call It Macaroni. 11.55 The Undersea Adventures of Captain Nemo. 1.20 pm Calendar News. 4.20 Jason of Star Command. *4.45 Little House on the Prairie.* 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Crossroads. 7.00 Emmerdale Farm. 11.30 George Hamilton IV.

(S) Stereophonic broadcast
‡ Medium Wave

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.30 Dave Lee Travis. 4.30 Peter Powell. 7.00 Wheels with *Dave Lee Travis.* 8.00 Richard Skinner. 10.00-12.00 John Peel (S).

RADIO 2

5.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 David Hamilton (S). 2.00 Ed Stewart's Request Show (S) including Racing from Newmarket. 4.00 Much More Music with Jean Challis (S). 6.00 John Dunn (S). 8.00 Country Club with Wally Whyton (S). 9.00 *Alan Dell with The Big Band Sound* (S). 9.55 Sports Desk. 10.00 The News Huddlines with Roy Hudd. 10.30 Star Sound Extra. 11.00 Brian Matthew with Round Midnight, including 12.00 News. 2.00-5.00 am *You and the Night and the Music* (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composer: *Glazunov* (S). 10.00 Chansons Francaises (S). 10.35 Vivaldi and Pisendel recital (S). 11.15 Milwaukee Symphony Orchestra (S). 1.00 News. 1.05 pm Bristol Lunchtime Concert (S). 2.00 "I Due Baroni Di Rocca Azzurra." Comic opera in two acts by Domenico Cimarosa (S). 4.10 Flute, Clarinet and Piano recital (S). 4.55 News. 5.00 Mainly For Pleasure (S). 7.00 Talking About Music (S). 7.30 Radio Theatre '81 (S). 9.15 Grieg (S). 9.30 Words. 9.35 Mozart's String Trio (S). 10.35 Membra Jesu Nostri by Buxtehude (S). *11.00 News. 11.05-11.15 Haydn (S).*

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day; 7.00, 8.00 Today's News; 7.30, 8.30 News Headlines; 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 A Girl's Best Friend. 9.30 The Living World. 10.00 News. 10.02 Poustinia by Catherine De Hueck Doherty. 10.20 Enterprise. 10.45 The Queen Distributes the Royal Maundy (S). 12.00 News. 12.02 pm You and Yours. 12.27 Brain of Britain 1981 (S). 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre. 4.00 The Laughter Singers. 4.15 Bookshelf. 4.45 Story Time. 5.00 PM: News magazine. 5.50 Shipping Forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Any Answers? 6.55 It's a Bargain. 7.00 News. 7.05 The Archers. 7.20 Time For Verse. 7.30 Boston Symphony Orchestra, part 1 (S). 7.55 From Exodus to Genesis. 8.15 Boston Symphony Orchestra, part 2 (S). 9.05 The Auk—Something Rather Different (Field Marshal Sir Claude Auckinleck). 9.20 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 11.00 The Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

GOOD FRIDAY

BBC 1

†Indicates programme in black and white

9.35 am Roobarb. 9.40 Jackanory: "The Hobbit," by J. R. R. Tolkien. 9.55 The Banana Splits. 10.25 Lassie. 10.50 Play Chess. 11.00 The Good Friday Story from Holy Trinity Parish Church, Cookham, Berkshire. 12.05 pm Spartakiada (introduced by Mary Peters). 12.45 News. 1.00 Mr. Benn. 1.10 The Front Garden. 2.15 "The Nun's Story," starring Audrey Hepburn with Peter Finch. 4.40 Swap Shop Star Awards 1981.

5.40 News.
5.55 Tom and Jerry (London and South East only).
6.05 "The Railway Children," starring Dinah Sheridan and Jenny Agutter.
7.50 World Superstars 1981.
9.00 News.
9.15 Starsky and Hutch.
10.05 Crown of Thorns: The Passion of our Lord commemorated in words and music from Brecon Cathedral.
10.55 The Late Film: "The Barefoot Contessa," starring Humphrey Bogart and Ava Gardner.

All Regions as BBC 1 except as follows:

Cymru/Wales—10.25-10.50 am Duwiau ac Arwyr. 1.00-1.15 O Dan Y Mor. 5.55 Wales Today. 6.20 Tom and Jerry. 6.30 Heddiw. 6.55 Trem: Organau Frederiksborg. 7.20-7.50 Terry and June. 1.05 am The Hope of Glory. 1.20 News and Weather for Wales.

Scotland—5.55-6.05 pm The Scottish News.

Northern Ireland — 5.55-6.05 pm *Northern Ireland News* and Sport. 1.05 am News and Weather for Northern Ireland.

England—5.55-6.05 pm East (Norwich); Midlands (Birmingham); North (Leeds); North East (Newcastle); North West (Manchester); South (Southampton); South West (Plymouth); West (Bristol): Regional News in all these areas.

BBC 2

11.00 am Play School.
11.25 Bach: "St Matthew Passion" from Lincoln Cathedral (Part 1) (Simultaneous broadcast in conjunction with Radio 3, Stereo).
12.45 pm Embassy World Professional Snooker Championship.
2.50 Bach: "St Matthew Passion" (Part 2).
4.40 "The Corn Is Green," starring Katharine Hepburn.
6.10 Snooker.
7.15 Mid-Evening News.
7.25 Gardeners' World.
7.50 Hinge and Bracket.
8.40 The Easter Experience?
9.00 Snooker.
9.30 Playhouse: "Elizabeth Alone."
10.45 Late News.
10.55 Snooker.

LONDON

9.30 am The Magic Ball. 9.40 Once Upon A Time. 9.55 Clapperboard. 10.20 "Tarzan Goes To India," starring Jock Mahoney. 12.00 Freetime. 12.30 pm Death Of A Young Man. 1.00 News. 1.05 Take The High Road. 1.35 Some People Don't Call It Music. 2.25 The Walt Disney Classic. 2.35 "Oklahoma," starring Gordon Macrae, Shirley Jones and Rod Steiger. 5.10 Abba—Words and Music.

5.45 News.
6.00 Siegfried and Roy.
7.00 Family Fortunes.
7.30 Brian Moore meets *Captain Mark Phillips.*
9.00 My Father's House.
10.00 News.
10.15 "Gone To Ground" (TV movie).
11.30 Fauré Requiem introduced by Sir John Gielgud.
12.15 am No Vain Sacrifice.

All IBA Regions as London except at the following times:—

ANGLIA

10.20 am "The Crimson Pirate" starring Burt Lancaster and Eva Bartok. 10.15 pm 240 Robert. 12.15 am A programme for Holy Week—Hubert Richards presents "Holy Sepulchre."

ATV

10.20 am The Adventures of Niko. 10.45 Feature Film: "Hurricane" starring Larry Hagman. 10.15 pm The Late Movie: "The Mitera Target" starring John Davidson.

BORDER

10.20 am Morning Cinema: "King Solomon's Mines" starring Stewart Granger and Deborah Kerr. 10.15 pm Late Film: "The Hand of Night" starring William Sylvester.

CHANNEL

All as London network.

GRAMPIAN

10.20 am Feature Film: "The Gentle Giant" starring Dennis Weaver and Vera Miles. 12.30 pm Kum Kum Cartoon. 12.50 North News. 6.00 North Tonight including Sportscall. 10.15 Vegas. 11.15 Seachd Laithean—Gaelic review of the week's news. 12.15 am North Headlines, road report.

GRANADA

10.20 am "The Crimson Pirate" starring Burt Lancaster. 10.15 pm "Get Christy Love" starring Teresa Graves. 12.15 am Quincy.

HTV

10.20 am "The Bushbaby" starring Margaret Brooks and Donald Houston. 10.13 pm HTV News. 10.15 "Panic In Echo Park" starring Dorian Harewood.

HTV Cymru/Wales—As HTV West except: 9.30-9.40 am Ffalbalam.

SCOTTISH

10.20 am Feature Film: "Thunderbird Six." 1.05 pm Scottish News and road and weather report. 1.10 Documentary—Some People Don't Call It Music. 2.05 Friday Matinee: "Oklahoma!" 4.40 ABBA—Words and Music. 5.15 Emmerdale Farm. *6.00 Scotland Today.* 6.25 Sports Extra. 6.40 Sir Stanley, CBE (interview with Sir Stanley Mathews, CBE). 10.15 The Jazz Series (Ronnie Scott Quartet, John Dankworth Quintet). 10.45 Ways and Means. 11.15 Fauré Requiem. 12.00 Late Call.

SOUTHERN

10.20 am Cartoon Time. 10.30 "Thunderbirds Are Go." 10.15 pm Fauré Requiem. 11.00 Soap. 11.30 Every Night Something Atrocious.

TYNE TEES

10.20 am Cartoon Time. 10.30 Morning Movie—"Charlotte's Webb." 10.15 pm "Melvin Purvis—G Man" starring Dale Robertson. 12.15 am Countryside Christian.

ULSTER

2.33 pm Ulster News Headlines. 6.00 Good Evening Ulster. 10.12 Ulster weather. 10.13 The Mercy of God. 10.15 Feature Film: "Cry Panic" starring John Forsythe, Anne Francis *and Earl Holliman.* 12.15 am Bedtime.

WESTWARD

9.20 am Faith for Life. 10.20 The Gus Honeybun Show. 10.30 Feature Film: "The Master of Ballantrae" starring Yvonne Furneau and Errol Flynn. 12.15 am Faith for Life. 12.25 West Country weather and shipping forecast.

YORKSHIRE

10.20 am Cartoon Time. 10.30 "Thunderbirds Are Go" (animated feature film). 12.15 am Superstar *Profile.*

RADIO 1

(S) Stereophonic broadcast
‡Medium wave

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.30 Dave Lee Travis. 4.30 Peter Powell. 5.30 Newsbeat. 5.45 Roundtable with Mike Read. 7.30 Anne Nightingale. 10.00-12.00 The Friday Rock Show (S).

RADIO 2

5.00 am Ray Moore (S). 8.00 Terry Wogan (S). 10.00 David Jacobs introduces some favourite melodies (S). 11.30 The People's Service (S). 11.55 The Choice Is Yours. 12.00 David Hamilton (S). 2.00 Ed Stewart's Request Show (S). 4.00 Much More Music with Jean Challis (S). 6.00 John Dunn (S). 8.00 Jim MacLeod and his Band in the Radio 2 Ballroom (S). 8.45 Friday Night is Music Night (S). 9.55 Sports Desk. 10.00 The Little and Large Party. 10.30 The Organist Entertains. 11.03 Brian Matthew with Round Midnight, including 12.00 News. 2.00-5.00 am You and the Night and the Music (S).

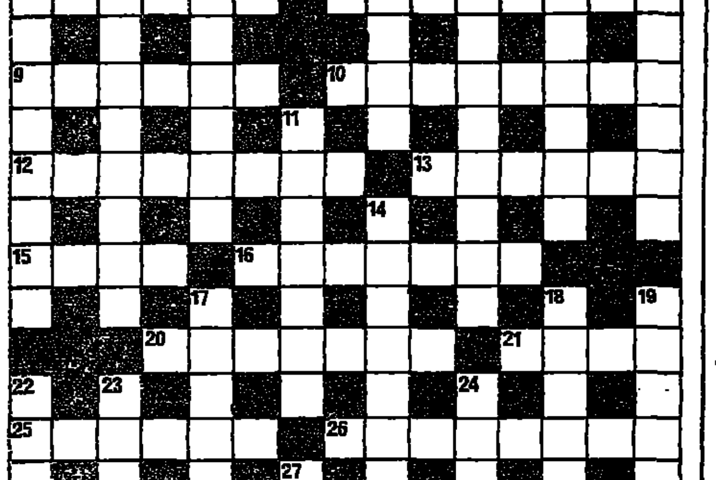
RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composer: Glazunov (S). 10.00 Alban Berg Quartet (S). 11.25 Bach: "St. Matthew *Passion" (S) (a simultaneous broad*cast with BBC-2) Pt 1. 1.00 pm News. 1.05 Consort Music of the 16th and 17th Centuries (S). 2.00 Sir Adrian Boult (S). 2.30 Religious Experience. 2.50 Bach: "St Matthew Passion" Part 2 (S). 4.40 Piano Duets (S). 6.10 The Ages of Man (S). 6.55 Play It Again (S). 7.00 Osbert and Sir George. 7.15 English Chamber Orchestra concert, part 1: Britten, Goehr (S). 8.15 One Pair of Ears. 8.30 Concert, Part 2: Mozart (S). 9.10 Death's Duel: A sermon by John *Donne, delivered on March 25, 1631,* with John Shrapnel as John Donne. 9.55 Viola and Piano recital (S). 10.35 Membra Jesu Nostri by Buxtehude (S). 11.00 News. 11.05-11.15 Holst (S).

RADIO 4

6.00 am News Briefing. 6.10 Vaughan Williams: The Lark Ascending (S). 6.25 Shipping forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 8.59 Continental Travel Information. 9.00 News. 9.05 Desert Island Discs with Sir Fitzroy Maclean (S). 9.45 Feedback. 10.00 Litany and Ante-Communion from the Temple Church, London (S). 10.45 Poustinia by Catherine De Hueck Doherty. 11.00 News. 11.05 The Seaside in Spring. 11.50 Bird of the Week (The Sparrow). 12.00 News. 12.02 pm You and Yours. 12.27 My Music (S). 12.55 Weather; Programme News. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 The Last Hour: A meditation, in words and music, on the death of Jesus, led by Dom Edmund Jones (S). 3.00 News. 3.02 Afternoon Theatre (S). 4.05 Down the Garden Path. 4.15 Drama Up To Now. 4.45 Story Time: "Talking to Animals" by Barbara Woodhouse. 5.00 PM: News magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Going Places with Clive Jacobs. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 Profile. 8.30 Any Questions? 9.15 Letter from America by Alistair Cooke. 9.30 Kaleidoscope: "The Whole of Creation" (the centenary year of the Natural History Museum in South Kensington). 9.59 Weather. 10.00 The World Tonight. 10.35 Joke by Joke by . . . Art Buchwald (S). 11.00 A Book at Bedtime (Billy Budd). 11.15 The Face of Christ. 11.45 Meditation for Good Friday. 12.00 News.

F.T. CROSSWORD PUZZLE No. 4,547



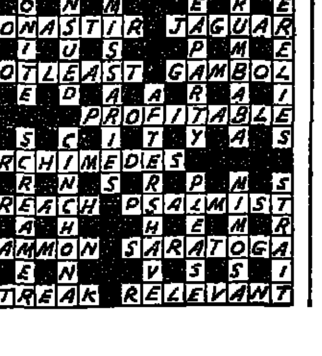
ACROSS

1 Duck meat and fruit right for a biscuit (6)
4 When travelling, it's the limit (8)
9 A stove for shellfish? (6)
10 Hold back note before melody (8)
12 Novel not translated from anything else (8)
13 Tea allowed in villa (6)
15 Always right after the night before (4)
16 Turpentine got around a rim of a vessel (7)
20 Marked with scratches as bacon may be (7)
21 Yield under pressure and a legend (4)
25 They must accept an alternative explanation (6)
26 Guard posted to wrong line (8)
28 Detectives left inside play calmly (8)
29 Bound to sprout this season (6)
30 Blood put back in time to detract (8)
31 Want to transfer one's allegiance (6)

DOWN

1 A single survey at a former time completed (4-4)
2 Having a tendency to be oblique (8)
3 Rice set up around the French cake (6)
5 Jug animal and roast initially (4)
6 Game to fight holder of strikers (8)
7 Almost in good time after nasty start (6)
8 A stretch that must be good for a bowler (6)
11 Friend, to declare to be true in discussion (7)
14 Gathered about a pound and preserved (7)
17 Begin to move fish in Scottish royal burgh (8)
18 Mother in queue for important part of railway (4-4)
19 Article in flight seen in window (8)
22 One way up I'd follow but it's foolish (6)
23 Go and make good (6)
24 Textile fibre in a settled market (6)
27 Fool left in bed (4)

Solution to Puzzle No. 4,546



Fairy Footsteps likely to gallop first past the post today

RACING

BY DOMINIC WIGAN

THERE IS an immense amount of confidence behind the chance of Fairy Footsteps, in the Thousand Guineas, and the filly must put her stamp on today's Ladbroke Nell Gwyn Stakes in no uncertain style if she is to maintain the euphoria surrounding her.

A lightly raced juvenile who first showed undeniable potential when running the more forward Exclusively Raised to one and a-half lengths in the Sweet Solera Stakes here, Fairy Footsteps was then acclaimed as a potential Oaks candidate following her run in the Waterford Candelabra Stakes at Goodwood. She left no one in doubt on the Sussex course that she would take classic ranking.

Always travelling supremely well there, the Mill Reef bay was sent into a clear lead by Pat Eddery three furlongs from home and from that point the outcome was a foregone conclusion. At the line Mr. Jim Joel's filly had four lengths in hand of Madam Gay, who was followed home at half a length by Silken Knot. Exclusively Raised, not given a hard time when her chance had gone, a furling out, was next home.

Fairy Footsteps is reported to have been working in eye-catching style with such high-class older animals as Beaumont Bay in recent weeks, and this has been reflected in the One Thousand Guineas market. A 14-1 chance only a month ago, Fairy Footsteps is now a top priced 3-1 favourite for the first filly's classic.

Thirty-five minutes after he fields Fairy Footsteps, Henry Cecil will be looking to Clear Verdict to supply him with the winner of the Heath Stakes. Lord Howard de Walden's colt is expected to take high ranking later in the season but he will be hard pressed to account for the Kalamoun grey, Kalaglow.

Trainer's Record, a comparatively new recruit to the ranks *of racing reference books,* has been rapidly establishing an enviable reputation among those closely involved with the sport. I hope and believe that the recently released ninth edition of the work will be equally well received for it will be reaching a far larger audience now that the publishers have decided that previous demand merits a considerably bigger circulation.

Edited by its founder, Peter Jones, Trainers' Record relies heavily on the wealth of information and detail it contains to help give a near complete analysis of trainers' performances, and to give substance to its many direct and candid commentaries.

Details of the winners and runners for every trainer at every course in 1980 are included plus a table of the top ten handlers at every track based on five years' results. Here it is interesting to find, for example, that Peter Easterby had 10 winners at Ayr from only 28 runners last season; while 57 per cent of Cecil's runners at Chester in the 1976-80 period, obliged.

Trainers' Record statistics also include the wins and rides by every jockey for every trainer pin-pointing important riding engagements. For example, in 1980, four of Piggott's six mounts for Hern obliged; while Cook notched three victories from his five rides for Smyly.

Plenty of other details are contained in the 250 pages of Trainers' Record and it makes fascinating reading for anyone interested in the sport. It is available from Trainers' Record, Melplash, Bridport, Dorset, DT6 3UH. Price is £9.00, post free.

NEWMARKET

2.00—Hollywood Party
2.30—Sulzano
3.00—Hindi
3.30—Fairy Footsteps***
4.05—Kalaglow**
4.35—Ackermann*

هكذا من الأصل

Financial Times Thursday April [illegible]

LOMBARD

Herr Poehl's scalpel job

BY JONATHAN CARR

BARELY CAN there have been a more brilliant public hatchet job than the one performed the other day on the European Monetary System (EMS) by Herr Karl Otto Poehl, President of the West German Bundesbank. Indeed, Herr Poehl carried out the operation with such finesse that it would be better to speak of a "scalpel job"—splitting the poor little EMS to tatters before an open-mouthed audience gathered to consider the prospects (if any) for European monetary union.

Don't imagine that you will capture the flavour of Herr Poehl's remarks by seeking out the text prepared for the occasion. Herr Poehl did not simply depart from that text—he ignored it altogether, to the discomfiture of those who had seen it beforehand and had questions. Instead he first reminisced on the decade or so of efforts for European monetary integration in which he had been involved. Speaking with the serenity of one who has seen every absurdity at least once and can no longer be surprised, let alone upset.

Convergence

He then briskly underlined the failure to bring about greater economic convergence between the EMS members, stressed that ECU (the fledgling European reserve asset) was not of much interest to those with funds which could be invested in it (notably the OPEC states), warned that creation of a European Monetary Fund (EMF) might simply increase bureaucracy and poked fun at the EMS's currency "divergence indicator." The EMS, he suggested, might indeed be a precursor of monetary union, but it was a "very preliminary precursor."

There are three things to be said about all this. The first is that Herr Poehl spoke as one absolutely sure of his ground—so sure, in fact, that he could blithely produce off-the-cuff implied criticism of, among others, the political leaders of Germany and France (the main co-authors of the EMS) and of the Belgians (the inventors of the divergence indicator in its present form).

The independence of the Bundesbank is well known. But Herr Poehl is on the way to establishing a record as the most independent President in its history and one, moreover, set to stay in the job for many, many years to come. Politicians please note.

Secondly, there is, alas, a lot in what Herr Poehl said—and in what he implied. Divergent inflation rates threaten not only development of the EMS but its very existence (although it can very well be argued that those rates would have been higher still had the discipline imposed by the EMS's exchange rate mechanism been lacking.) There are also illusions about what can be done right away to *boost the role of the ECU* and to create a European Monetary Fund. It is all to the good if Herr Poehl dispels those illusions.

Progress

All that said, there is a final point to make—just as pragmatic. Each time a scheme for European monetary union collapsed in the 1970s, a new one arose—not because an absurd dream was being chased but because European interests cannot adequately be defended unless progress towards such a union is made. For Europe, national currencies do not have the weight, nor *national capital markets* the size, to allow a sufficient degree of financial and economic stability in a world dominated by the dollar, and hence by the successes and failures of U.S. policy.

That was, and remains, the heart of the matter and Herr Poehl certainly knows it. It would be a pity—to say the least—if by laying stress on the undoubted problems and illusions, he discouraged pursuit of the aim of monetary union itself.

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THE ARTS

Norman Beaton and Yvette Harris at the Lyttelton — Leonard Burt

Lyttelton/Royal Exchange, Manchester

Measure for Measure

by MICHAEL COVENEY

Londoners now know that if there is a third British company doing top-class classical work besides the National and the RSC, it resides in Manchester at the Royal Exchange. (Deprived Londoners should know there is a fourth, at the Glasgow Citizens.) Last week Manchester unveiled Braham Murray's *Measure for Measure*. On Tuesday the National entered the lists with Michael Rudman's Caribbean version.

I give this round, by a convincing margin of points, to the National. Not since Jonathan Miller's reading set in the Vienna of Freud and Schoenberg have I seen a more satisfying location of the play in an anachronistic setting. Eileen Diss's handsome colonial buildings, flecked with palm trees and inhabited by gamblers and street traders, at first suggest North Africa. Then again, Angelo, in his cassock and evangelical purple, conjures the Philippines. But before long the director's idea of a mythical Caribbean island combining elements of Haiti and Trinidad takes irreversible hold.

Rudman's cast is black with crucial exceptions. In the aftermath of Brixton it is tempting to look at the stolid white instruments of the law—Leslie Sands's beaming, reasonable Escalus and Antony Brown's no-nonsense, quietly-spoken Provost—and see the shadows of William Whitelaw and David McNee stalking the riot-strewn area. The military regime is palpably one that has risen from the stews. There is, for once, a hint of truth in what Lucio says about the Duke's past life. Lucio himself, played with glorious cool by Peter Straker, has the eye of the court and the ear of the street.

The entire community turns out in festive mood for the Duke's return, composing a magnificent stage picture of balloons, posters, trinkets and general carnival. The production idea thrives not as a gimmick but as a logical forum for a wonderful cast reared on Mustapha Matura and *Empire Road*. The entire occasion is a genuine celebration of some marvellous native (in both senses) talent.

It is a pleasurable relief that no allowances need be made for the verse speaking. Norman Beaton's Angelo delivers his great speeches with the steely precision of buckling resolution. This is a brilliant portrayal of a man abusing both office and, in this case, the cloth. It makes for a startling contrast with the Duke of Stefan Kalipha, donning his monk's garb in order to renew his contacts at grass roots level. This supplies his crucial unambiguous proposal to Isabella of sharing his life at the end. Yvette Harris exhibits great composure as the novitiate, arguing forcefully in a simple white smock and bandanna on behalf of her brother Claudio (Troy Foster) as an articulate representative of the community.

The Duke's strange behaviour thus serves a healing function in a way that eludes the Manchester version. Here, Alfred Burke turns his back on a mish mash of Parisian *fin de siècle* and Edwardian frock coats to take on the appearance of Gandhi. His adventure is one of escapist mysticism; Mr. Kalipha's of participatory zeal. Mr. Burke's performance is beautifully spoken but only minimally kinetic.

Perhaps Mr. Murray should have gone totally for the Indian idea, for there is a splendidly deferential Lucio from Zia Mohyeddin, whom it is good to see again after so many years. But the surrounding society is sketchily done and things are not helped by an Elbow who comes on like a Glaswegian gendarme and an Angelo (Christopher Neame) who crumbles into a ranting poseur the minute he is confronted with Clare Higgins's spirited Salvation Army-style Isabella.

The detail at the Lyttelton is thoroughly worked through. Froth, for instance, is a timid colonial remnant in open-toed sandals, nervously annotating the new order on a large pad. Mistress Overdone is the splendid Bertice Reading, serenading Mariana not in the moated grange, but in a deserted brothel (before being climactically wheeled on to complete Lucio's misery). And Oscar James lords it riotously as Pompey, picking his way carefully through the interrogation scene and enlivening the prison with a clever calypso account of the inmates. This is the most inspired Shakespearian evening since the National invaded the new building.

Sadler's Wells

Tanz-Forum, Cologne

by CLEMENT CRISP

A difficult evening. With the best will in the world I cannot describe Tuesday's opening programme by the Tanz-Forum troupe associated with the Cologne Opera as a happy introduction to German modern dance. It is in part a matter of a dance style heavy, thickly muscular, grimly determined; in part a selection of works that ranged from the dank to the earnest.

To get the worst over first, as the company did, the evening began with a leaden realisation of Schumann's *Etudes Symphoniques* by Jochen Ulrich, the troupe's director. Three couples banged about the stage in dances that looked like a debased version of one of those Hans van Manen choreographies that are nailed on to some distinguished but hapless score. The full version of the études was played, and the inexorable progress of the piece made the Seven Years War seem but a moment's aberration; there were traces of a rudimentary classic aspirations among the dancers, but for the most part they revealed only a lumpy, clogged technical manner.

There followed two examples of old-fashioned expressionism. Reinhild Hoffman's *Chimera* took Fussli's painting *The Nightmare* as starting point for the exposition of a dream more suitable for the analyst's couch than the stage. Between an arresting opening image—inspired by the painting—and a well-managed resolution of difficulties into which she had goaded her cast, Miss Hoffman opted for static imagery and some activities with a pile of pebbles and an eveloping black overcoat.

Mr. Ulrich's *Pierrot Pierrot* showed a down-trodden bourgeois Pierrot losing not one but two Columbines to the sexual allure of Harlequin. His *A Requiem* brought the evening to a close and was the most considerable work on show. For men must fight, and women must weep, is the burden of five scenes accompanied by an intriguing Japanese-sounding electronic score from Johannes Fritsch, in an austere and effective setting by John Macfarlane.

The dance seems propelled by jabs of energy rather than by any long phrasing of dynamics, and the impression is again of a style earth-bound without that feeling for the ground and for gravity that justifies the procedures of the Graham school. *A Requiem* looks pious in intention, but is over-long, and irresolute in momentum: its finale finds its previously stark manner debased as three men appear inexplicably feathered as warriors from a cabaret scene.

John Llewelyn Rhys Prize

Entries are invited for the *1981 John Llewelyn Rhys Memorial Prize*. This Prize, worth £500, is for a memorable literary work, published during 1980, by a British or Commonwealth writer under the age of 30. Complete rules and entry forms are available from Barbara Buckley, National Book League, Book House, 45 East Hill, London SW18 2QZ.

Paris

Makarova's Carmen

by CLEMENT CRISP

Roland Petit's Marseille company, lately and rightly given the accolade of Ballet National, is at the Théâtre du Châtelet for the whole of this month. The Châtelet, handsome and refurbished, is now the Théâtre Musical de Paris, and it provides an excellent new house (2,500 seats; fine, deep stage) well suited for dance as for opera.

The first Marseille programme is devoted to French music — Chabrier and Bizet — and features Makarova, Loipa Araujo, Peter Schamfuss, as guests. Yet welcome though these stellar visitors are, they do not obscure the qualities of the Ballet National's dancers, a youthfully strong and attractive ensemble which Petit is proud to show off in his new *Six Danses d'Emmanuel Chabrier*. A suite of perky neo-classic numbers, they celebrate the vitality and clean schooling of the company. It is a pleasure to see dancers so soundly trained, so eager to give every ounce of themselves to their work. The dance is joyful, with nothing cloudy or dainty, and in matter of technical presentation it makes much of our own dancing look well-intentioned rather than well-prepared.

Leading these revels is Jean-Charles Gil, a young dancer of exceptional presence and virile prowess; his chief companions are Mireille Bourgeois, very clear and bright, and Gilles Cochinaire, who has a faun-like solo to the forest murmurs of *Sous-bois*, one of Chabrier's mysterious, muted pieces. Gil also has a solo (with an umbrella: shades of the Petit/Chabrier *Ballabile* for the Royal Ballet 30 years ago) which he brings off with effortless charm —but he is even better served by the revival of Petit's *L'Arlésienne*.

Using Bizet's two orchestral suites, Petit has created a succinct drama, part *Le Baiser de la Fée*, part *Les Noces*, from the elements of Daudet's novella, showing how Fréderi, haunted by memories of another love, abandons Vivette on their wedding night and kills himself. René Allio's setting is a Van Gogh view of Arles which gives way to simple black curtains; against these, the young couple's friends are treated as a chorus.

Gil and Bourgeois are the lovers, their arranged marriage destroyed when Fréderi's mental distress drives him from their wedding night. He circles and leaps insanely, before flinging himself into the blackness of the back-stage. The theatrical coup here is a conscious one, but Gil's sincerity and the passionate energy of his dancing make it shocking, credible. And at the risk of reading far too much into the drama, there is an impression conveyed of a young man tormented by physical revulsion to matrimony: the love that haunts Fréderi dare not speak its name.

In two performances the work was dominated by Gil's expressive power, the dancing wrenched from him by distress of spirit; at a third viewing I found the balance of the action entirely altered when Loipa Araujo appeared in the role of Vivette, which Petit made for her in 1974, partnered by Denys Ganio.

Araujo, the Cuban ballerina who made so notable an impression as Swanilda and Esmeralda during Petit's Palladium season four years ago, is touched by the divine fire. The character whom Mireille Bourgeois had shown as gentle, and, be it said, very charming, now acquired a thrilling resonance and dignity of feeling. Every step, every gesture by Araujo speaks. Hers is an art eloquent, beautiful, and she transformed Vivette into a girl both passionate and compassionate: the nuances of sensuality which she brought to the wedding-night scene showed an artistry—like her dancing—subtle and potent. I think her a dancer of greatness.

Ganio, making his debut as Fréderi, had the measure of the role's technical demands, rather less so of its disturbing emotional echoes. And though *L'Arlésienne* may be a vehicle for its stars—the work for the chorus is simple, folksy—it is unfailingly effective.

The return of *Carmen* to Paris showed its tensions, and the inspired simplicities of Clavé's designs, untouched by the 32 years that have passed since that famous first night at the Prince's Theatre. In Makarova it has a Carmen worthy to take up the flaming torch of Jeanmaire's creation. Makarova, a heady mixture of tousled blonde curls, spit-fire attack and luscious sensuality, is a gypsy who seems almost to pity Don Jose's weakness as she plays with his emotions. The notorious bedroom duet was incandescent, and in the night-scene where Jose is made to attack a passer-by Makarova seemed the incarnation of his destiny—amused, pitying. In Denys Ganio she had a suitably obsessed Jose.

A second Carmen was Dominique Khalfouni. There were signs of indecision in her view of the role which seem unusual in so distinguished a dancer: a conventionally "Spanish" hair-style, complete with little curls, and a powdering of gold-dust for the scene chez Lillas Pastia, were concessions to the theatrically obvious. By the bedroom duet she had the role in her grasp, and the final corrida with Don Jose was driven along with commendable nervous energy.

Peter Schaufuss was Jose, and like Ganio, a decent but not yet compelling interpreter. Petit, and Erik Bruhn — the other notable Jose of our time— showed him as a victim of an all-destroying passion; neither of the present incumbents suggests the tragic failure of the character.

The company support was excellent, and Gérard Taillade an agile bandit chief; but the Toreador now goes for nothing — can no one recapture Serge Perrault's comic complacency as the least resistable man in Seville? Musically the performances were uneven: rather coarse playing from the Colonne orchestra, and indecisive rhythmic support for the dancers from the conductor, Karolos Trikolidis.

Ganio and Makarova

British Museum

The Gauls come alive

by ANTONY THORNCROFT

Julius Caesar was doubly correct when he divided Gaul into three parts. Its immediate history is now chronicled in three stages—La Tène I, when the Gaul's culture arrived in what is now France and which lasted from 475-300 BC; La Tène II, from 300-100 BC; and La Tène III, from 100 to 52 BC, when Caesar himself destroyed the civilisation when defeating the leading Gallic chief Vercingetorix at the Battle of Alesia.

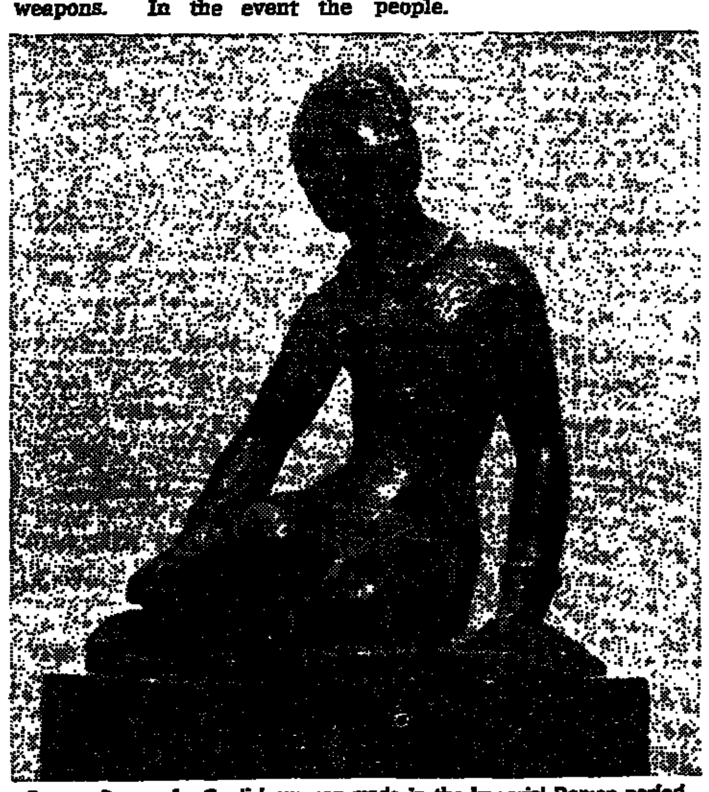
The history of the Gauls is best known in the UK through the writings of the Romans, who fought them over many years, and the Greeks. They left no written records of their own. They did, however, bury their dead and place goods in the graves, especially during La Tène I. Napoleon III took a great interest in archaeology and, with his encouragement, around 12,000 Gallic burials were discovered between 1860 and the First World War, mostly in the Champagne region. The musees des antiquities nationales was established at St. Germain-en-Laye to house the finds and a choice selection from its collection is now on display at the British Museum (until September 13), supplemented by treasures from the Museum's own hoard.

It is perhaps misleading, for a British audience, to describe the race as the Gauls (although they were known as such in antiquity, hence St. Paul's letter to the Galatians). We recognise them better as Celts, the barbarians who stretched across northern Europe surviving for five centuries before they fell under Roman power. But a feature of the museum's exhibition is how local each Celtic culture was. The evidence of contact between the Gauls and their Celtic brothers in Britain is slight, although there was obviously a trade in coral, gathered on the Mediterranean coast of France and finding its way into jewellery discovered on Humberside, and the short swords unearthed in Champagne and from the Thames display hilts of the same anthrapoid design. But these are exceptions.

As usual with pre-Roman history in northern Europe archeological discoveries pose as many questions as they answer and the 300-odd items on display are mainly utilitarian, suggesting a static farming community which made no great contribution to the march of civilisation. The display is practical and educational, with no exhibits likely to seize the imagination of the general public. Only the burials themselves, represented by two extensive displays of skeletons surrounded by their grave goods, make much visual impact. One, coming from a site still known as "L'homme mort," was discovered with a Greek cup dating from about 420 BC and a bronze Etruscan flagon at the feet of the skeleton. More striking than the evidence of trade was the manner of burial. The warrior, as he presumably was, lies in his cart or charriot, the wheels of which have survived. At least 140 Champagne burials show this land locked equivalent of the Viking ship ceremonial.

There are the swords, many of iron, unearthed in their original iron scabards. "The whole race is madly fond of war," wrote Strabo, and the Gauls in battle must have been a fearsome sight. The bravest fought naked, but there is a good display of shield decorations, spearheads and other weapons. In the event the leather clothing worn by the more circumspect warriors was no match for Roman training, and artistically some of the elaborately modelled bronze helmets look more appealing behind glass than they were effective in battle.

Perhaps the most affecting items on display relate to the Gauls' religion. The very fact that in this period they buried rather than cremated their dead points to a religious feeling. The Gauls believed in the immortality of the soul, hence the grave goods, and Caesar, although writing in a later period when cremations were the rule, remarks on the ceremonial in Gallic funerals. But the Gallic gods were frightening. They inhabited obscure and dark groves and often took the shape of twisted lumps of wood. The remote spots tended to be stocked with human sacrifices, presided over by Druids. But there were stone sanctuaries, and the bronze figure of a god with a single remaining glass eye is perhaps the one exhibit which brings the Gauls into some kind of relationship with contemporary society. For the rest they are a buried people.



Bronze figure of a Gaulish woman made in the Imperial Roman period.

Festival Hall

CBSO

by DAVID MURRAY

The City of Birmingham Symphony on Tuesday had not only Erich Schmid as conductor, but Gyorgy Pauk as soloist. The violin concerto was Berg's, a work about which people now say confidently that it needs no advocacy; but an advocate like Mr. Pauk can make one think that other soloists offer it less as a musical experience than as a feat. The subtlety of his diction, the long view he takes of Berg's paragraphs and above all his exact expressive freedom with the score bespeak a performer who has assimilated the music with respect and love. Technical matters like his assured quadruple-stopping and his strong, beautiful tone in the highest register command admiration — but this moving performance drew more from a fund of perceptive sympathy.

Schmid had obviously prepared the orchestral share of the concerto with great thoroughness, and though his wind soloists proved intermittently fallible (I except the melodious bassoon, but his wind colleagues all had their mishaps) the accompaniment was satisfyingly aligned with Pauk's reading. The CBSO cellos faded in pianissimo — their important lines at the beginnings of both the outer movements were just audible —and the climax of the Allegro, the "catastrophe," was underwhelming. The passage that leads to it wanted more Expressionist violence than Schmid's strict beat would permit. But the broad proportions were just, and the first two movements in particular revealed delicate details that are often covered.

The Schmid beat was bracing in Schubert's "Unfinished" Symphony, downright impatient in Beethoven's "Pastoral." Not long ago, Rostropovich led an *unprecedentedly slow, haunted* "Unfinished."; Schmid's version had a pointed Allegro moderato that was not moderated at all (*at some cost to the second subject*, but interesting) and an Andante con moto that positively skipped. It should now be unnecessary to experiment with further extremes of tempo in this symphony — the truth *must* lie somewhere between.

37th Cheltenham International Festival of Music

For the first time in over a decade the Cheltenham Festival this year plays host to a foreign symphony orchestra when the Berlin Symphony Orchestra gives concerts on July 5 and 7 in the Town Hall under principal conductor Theodore Bloomfield (sponsored by Gulf Oil (Great Britain)). Also Sviatoslav Richter will play on July 10.

The Amadeus Quartet is normally on holiday during July and has not appeared at Cheltenham since 1953. This year it will be playing quartets by Mozart, Schubert and Britten on July 15 (sponsored by Dowty's).

There is an abundance of string quartets in this year's Festival. The Allegri and Orlando Quartets perform between them all the Bartók, Brahms and Schumann quartets, and the Amphion String Quartet can be heard in the pit of the Everyman Theatre on July 17 and 18, when Northern Ballet Theatre perform their triple bill.

In the past two years the Cheltenham Festival has included a celebrity jazz concert (Oscar Petersen in 1979, Dave Brubeck 1980). Trumpeter Dizzy Gillespie fills this spot this year on July 18 (sponsored by Smiths Industries).

Welsh National Opera make a return visit with two productions, Handel's *Rodelinda* and John Metcalf's *The Journey*.

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The high costs of defence

TO START with a compliment: this Government is considerably more open about defence policy than any of its predecessors, whether Tory or Labour. The practice was begun by Mr. Francis Pym, the former Defence Secretary, and has been continued by his successor, Mr. John Nott. The statement on the defence estimates published yesterday is a mine of information, even more so if you read between the lines.

It is also clear that the Government is doing its utmost to fulfill its election commitment to devote more resources to defence. In some ways it has already succeeded. The morale of the armed forces, for example, was immediately raised by the increase in pay. The impression is abroad that this Government takes defence seriously in a way that its predecessor — with its penchant for cutting — did not.

Difficulties

It is no less clear, however, that the Government has run into severe difficulties. Yesterday's White Paper is a statement of the problems involved in trying to meet existing commitments even when defence expenditure is rising in real terms. It concludes that the commitments must still be met, but admits that this will have to be done in new and cheaper ways.

There are two related issues: the range of the British tasks within NATO and the escalation of defence costs. Britain is the sole European member of the alliance which has commitments on at least four fronts. It maintains the independent nuclear deterrent. It is heavily committed to the defence of West Germany. It provides a large part of the Alliance's naval forces in the Channel and the Eastern Atlantic. It also defends the home base, not only for reasons of national interest but because the UK could be a crucial staging post for American reinforcements in the event of a European war. A fifth commitment might be to intervention outside the NATO treaty area: for example, in the Gulf.

It has always been difficult to see how a medium rank economic power could maintain such a range of tasks indefinitely. It has become even harder now that defence costs appear to rise so much faster than almost any other form of expenditure.

The White Paper is honest enough to admit the problems. Expensive equipment has been acquired in the form of ships, aircraft and tanks, but such have been the constraints on the defence budget that they frequently lack the weapons to fire. As Mr. Nott said at his Press conference yesterday, resources are being too thinly spread over too many targets.

Solutions

The Government seems to be groping towards three possible solutions, none of them mutually incompatible. The first, and in many ways most urgent, is to look again at why defence costs rise so steeply. On the face of it, there is no reason why the cost of some items in the equipment budget should be going up: technological developments in the field of electronics and miniaturisation ought to be bringing them down, as has happened in the civil sector. There might also be room for more competition in defence contracts, perhaps by seeking some tenders abroad.

Secondly, the Government is seeking ways of maintaining commitments with a less sophisticated mix of forces: for instance, fewer aircraft types for RAF Germany. Thirdly, it is preparing to propose a greater degree of specialisation throughout the alliance. Thus the white pape refers to a "sensible pattern" of defence effort by the alliance as a whole."

Trident

All these developments are welcome, not least because Britain is not alone in suffering from rising defence costs. Mr. Nott is right to insist that it is an alliance not a British problem. The sooner the initiative is taken in NATO the better. Meanwhile the question remains of whether Britain has too many commitments. The most dubious is that to the Trident nuclear force in the 1990s. It is not clear that it will add significantly to western defence, and it is all too likely that it will be acquired at the expense of conventional forces.

Interest rate disarmament

"INTEREST RATE disarmament" is today's modish phrase whenever two or more finance ministers are gathered together in one place. It implies some sort of pact between industrialised coutries not to compete with each other in the quest for monetary virtue — not to reduce the attraction of a neighbour's currency by driving up the interest rates on one's own.

The West Germans and the French are particularly worried about such competition. The U.S., where a prime rate of 17½ per cent now overshadows a running rate of increase in consumer prices of about 12 per cent, is, as usual, being singled out as the villain of the piece.

Exporting inflation

It is only 18 months ago that the chairman of the Fed, Mr. Paul Volcker, hurried home from the IMF meeting in Belgrade to implement the new money supply orientated monetary policy which has driven the prime rate to the painful level at which it stands today. Every other industrialised country urged him to do this beforehand and applauded him for his action afterwards.

America, it was said, had to justify trust in the value of the dollar and had to stop exporting monetary inflation to the rest of us. Inflation was, and presumably still is, regarded as the most important enemy of economic growth and no effort to contain it should be spared. So the shift in U.S. monetary policy, with its abrupt impact on the price of borrowed money, was viewed on all sides as encouraging.

Why is it that what was praised then is now coming under fire? If there is a consensus among industrialised countries that monetary self-discipline is one important means of curbing inflation, then it is hard to see how to avoid interest rate levels which, across the board, imply a real cost of borrowing. Perhaps the calls for "interest rate disarmament" are a disguised way of saying that unemployment should now take precedence over inflation in dictating economic policy and that the established belief that future jobs can best be secured by fighting inflation is beginning to wilt.

Disturbing

There can be no denying that the real rate of interest in countries which have to defend the value of their currency in this high interest rate environment is now disturbing. West Germany finds itself in this unaccustomed position and the discomfort has prompted Chancellor Schmidt to cry "enough" to the Bundesbank. German corporations have to pay 15 per cent for bank loans, while the annual rate of consumer price inflation over the most recent quarter was 8.5 per cent.

This real rate of interest of 6½ per cent compares with one of 2 per cent in the UK. While bearable for a short time, the prospect of a long period of such real interest rates is particularly worrying in Germany. Its industry has long been seen to be exceptionally dependent upon bank finance. The combination of a high global interest rate level and a current account deficit has exposed this shortcoming with a vengeance.

In theory, it is possible that the Bundesbank could slightly ease the pain by focusing less on the exchange rate and more on internal monetary aggregates. The German economic institutes are urging this course. In practice, exchange rates are now so sensitive to interest rates that such a policy might have an unacceptable and rapid impact on German prices.

The way to attack the unpleasantly high overall level of interest rates is not by "disarmament" but be reducing the size of fiscal deficits which must be financed if monetary discipline is to be preserved. Once again, the onus falls on the U.S., where Government borrowing has increased dramatically since Paul Volcker's return from Belgrade.

Tax cuts

The worrying aspect of the new U.S. Administration's economic management is not monetary policy itself, but the budget deficits which may have to be financed in pursuit of it. While the President's proposed tax and spending cuts have yet to be agreed by Congress, there is a chance that the new Administration will follow the unhappy path explored by the British conservative Government—committing itself to tax cuts and then discovering that social spending is extremely hard to contain.

To talk of "interest rate disarmament" is to obfuscate an unpleasant choice between relenting in the battle against inflation and getting fiscal deficits under control. High global interest rates only demonstrate that conce monetary discipline is imposed, the need for fiscal discipline follows close behind.

A YEAR OF INDEPENDENCE

Zimbabwe's first hesitant steps

By Tony Hawkins in Salisbury

Ashley Ashwood

Mr. Robert Mugabe: pragmatism has largely outweighed doctrinaire socialism

AS the first anniversary of Zimbabwe's independence approaches, political and military problems that, only ten weeks ago, threatened Mr. Robert Mugabe's government appear to have greatly receded in time for Saturday's celebrations.

Ironically, just as the Government has been getting on top of the tribal, racial and political tensions never far from the surface during the first 12 months of independence, so economic difficulties have proliferated.

While it would be both premature and misleading to claim that the problems inherent in the integration of three former armies—Mr. Mugabe's Zanla guerrillas, Mr. Nkomo's Zipra guerrillas and the erstwhile Rhodesian regular troops—have been resolved, the outlook is decidedly more encouraging today than in February when several of the newly-integrated army units split down the middle on party political and tribal lines.

In the ensuing violence some 300 people died in the Ndebele city of Bulawayo and the midland military camp of Connemara. Zipra commanders licking their wounds after their military setback, primarily at the hands of the white-officered black regulars in the Rhodesian African Rifles, were threatening to take no further part in the integration exercise.

Having crushed the mutiny, a new policy of disarming the former guerrillas as far as possible and moving them away from urban areas was adopted.

Estimates vary as to the figure still to be trained but informed sources believe that Zimbabwe will find itself with a total army of around 60,000 men — roughly three times the figure originally suggested by British military advisers.

The real problem now is economic — the army is too big and will absorb a disproportionate amount of the budget. But it would be political dynamite to "demob" the ex-guerrillas at this stage and the advice Mr. Mugabe is getting is to "soldier on" with an unnecessarily large army allowing natural wastage and attrition to bring down the numbers over a period of time.

In his first year as Premier, Mr. Mugabe has consolidated his hold on the political middle-ground while, at the same time, leaving no room for any doubts over the essentially socialist thrust of policy.

The political mini-crisis sparked by his demotion of Joshua Nkomo, leader of the minority Patriotic Front (ZAPU) group within the ruling coalition, was short-lived. It appears that the set-back to the former Nkomo guerrillas in the February fighting and the subsequent crushing Mugabe victory in the Salisbury local government elections at which his party swept the polls, have induced a new sense of realism within the Nkomo ranks.

In recent weeks Ministers from both groups have shared political platforms thereby demonstrating greater amity and unity than has been evident for much of the past year.

Racial tensions have eased very considerably, too, since independence with the white minority discovering — so far at least—that Mr. Mugabe's *pragmatism has largely* outweighed doctrinaire socialism.

One obvious explanation is that for many—indeed most—whites, political change has not yet had any material impact on their life styles. Structural change is usually a slow process, but it is precisely where such change *has* taken place, notably in the public sector, that white morale is lowest. There has been—and is—a substantial outflow of whites from the Civil Service, police, army, air force and such public sector organisations as the railways, post office and Electricity Supply Commission.

Because of the pool of graduates, both locally and foreign trained that Zimbabwe inherited at independence, this has not had severe repercussions at administrative level. But at the blue-collar and technical levels—artisans, mechanics, engineers, geologists, computer technicians, etc.—the skills drain is assuming very serious proportions.

Mr. Josiah Chinamano, the Transport Minister, revealed last week that the National Railways of Zimbabwe were short of 116 artisans to maintain locomotives and a further 50 to maintain signalling equipment, while Air Zimbabwe announced that 21 technical personnel had resigned at the end of last month.

During 1980 a record 17,240 people, mainly whites, emigrated from Zimbabwe with the published figures showing a net loss of 450 professional and technical workers and more than 700 people in the production and artisan categories.

Since the end of 1980, the emigration rate has accelerated with a further 3,700 people leaving in the first two months of 1981—90 per cent more than in the comparable period last year. A high emigration rate is forecast for April-May when many civil servants' contracts expire and the school term ends.

The consensus view among forecasters is that the outflow in 1981 will reach the 20,000 level.

It is not just the public sector that is suffering. The private sector too is losing skilled personnel to South Africa in particular (two thirds of those who left last year went to South Africa) with the problem again being most apparent at shopfloor level where working relationships between the different races have not proved easy.

Sources believe that Zimbabwe will find itself with an army of 60,000, roughly three times the figure suggested by British military advisers, as the guerrilla integration programme continues

The impact of the skills *drain on the economy* at a time of high and rapidly increasing consumer demand is increasingly evident. Transport sources argue that the main reason why only 45 per cent of the diesel locomotive fleet is in service at any one time is because there are insufficient artisans to maintain them. Many industrial and mining concerns admit to being seriously short of skilled staff.

Major exporters complain that their export earnings are being hit by the inability of the railways to shift traffic on offer and the fact that the volume of exports from Zimbabwe last year actually declined a marginal 2 per cent despite the *lifting of sanctions is a measure* of the problem, which has, in fact, got substantially worse in *recent months.*

Given these constraints, the foreign exchange position has deteriorated with the officially-held gold and foreign exchange reserves tumbling from a peak of (Zimbabwe) $212m (£145m) last October to $150m two weeks ago. This is less than two *months' imports and the policy* of allowing imports to rise much faster than exports—47 per cent as against 29 per cent for exports—followed last year will have to be checked because the foreign reserves can no longer take the strain.

Zimbabwe has still, of course, to draw on its IMF facilities and can expect significant foreign exchange inflows later in the years as a result of the highly successful Zimcord donors conference last month which attracted more than £600m in "new money" as outright grants or on concessional loan terms over the next three years. But much of this is earmarked for specific imports.

Manufacturing output in Zimbabwe, which rose a handsome 15 per cent in 1980, is heavily dependent on imported inputs and unless foreign currency quotas are increased output growth will slow very significantly in 1981.

Last year after five years of recession, the economy achieved the very impressive real growth rate of 8 to 9 per cent, mainly due to substantially higher manufacturing production, a 32 per cent surge in the value of mineral output and increased maize, cotton and tobacco production. This year manufacturing will lose momentum and mining—which owed all its growth last year to higher prices—faces the prospect of the first fall in the value of output in almost 20 years due to depressed metal prices, weak market demand and transport and production problems.

The bright spot should be agriculture. Commercial maize output has more than doubled, while peasant producers are believed to have harvested their best crop ever as well. Zimbabwe will have an estimated 1.3m tonnes of maize to export but the transport constraint could mean that less than half of this surplus will find its way to market, thereby leaving the country with a substantial stockpile to finance over the next year.

Despite the bottlenecks in the economy, the huge increase in maize production, in particular, should ensure rapid economic growth again this year, but in real terms it could fall behind last year's performance due to the much higher inflation rate that is in prospect.

With the worst of the political and military problems hopefully behind it, Mr. Mugabe's administration must now turn to the immediate economic difficulties focusing on transport capacity, skills and foreign currency and then to the longer-term issue of meeting grass roots aspirations before being engulfed by the mounting crisis of expectations.

Land is an obvious issue. To date some 1,400 families have been resettled and the target for this year is 6,000, but Mr. Bernard Chidzero, Minister of the Department of Economic Planning, has said that as many as 1m people may have to be resettled in time.

The bulk of the £850m pledged in aid to Zimbabwe over the next three years is earmarked for rural development schemes designed to resettle the landless, create jobs for the fast-growing population and narrow the yawning income and wealth differentials between the urban haves and the rural have-nots.

Structural change as such has been slow and is likely to remain so. The constraint on land hesettlement for instance is not so much capitali or even land, but the shortage of planners and technicians necessary to implement the programmes. Although there has been a major transfer of power in the public sector—and not just politically but also at administrative levels with blacks increasingly assuming the role of key decision-makers at official level—the private sector is virtually unchanged.

True the state has acquired — at market prices — controlling interests in the Rhobank group (the second largest banking group in Zimbabwe) and Zimbabwe Newspapers, the monopoly newspaper group formerly controlled by the South African Argus company. But Mr. Mugabe has repeatedly rejected nationalisation as an option for State control, and the Government White Paper on economic policy favours joint ventures with the State or joint ventures between local and foreign partners.

The main aim is increased participation in and control of the economy by Zimbabwean nationals. To date, very little progress has been made on this front, but the plans to establish a state-owned minerals marketing authority is a significant straw in the wind.

The fact that there are now 350 more white farmers on the land than a year ago, that share prices on the Zimbabwe exchange in January were 40 per cent higher than when Mr. Mugabe took office(only they have retreated in the face of increased interest rates) that white emigration, while high, is far below the catastrophic exodus levels being widely forecast a year ago—all underscore the essentially moderate and modest pace of change.

Nevertheless, the Zimbabweanisation of Rhodesia has begun. The first hesitant steps have been taken. It is now time to tackle the deep-seated problems of restructuring the economy so as to create jobs, narrow income and wealth differentials and avoid being overwhelmed (as so many third world countries have) by a crisis of expectations.

Some of the tough political decisions that Robert Mugabe has had to make in the last year will need to be matched by equally tough economic decisions in the months ahead.

MEN AND MATTERS

Honging on

Speculation that the taipan's chair at Jardine Matheson might soon be pulled from under its present occupant, David Newbigging, was crushed at a Jardine Board meeting yesterday. The drift had been that the Keswick family, dynastic rulers of Jardine and still substantial shareholders, were disappointed by the group's recent record, and wanted one of their own number back in the driving seat. Perhaps, said many-tongued Rumour, Simon Keswick, brother of former chairman and Spectator-owner Henry, was the man.

But after yesterday's meeting, attended by all three Keswick directors, Newbigging came out with a tough statement. The Board, he said, unanimously approved his remaining as chairman "for the next four years. At that time I will have done ten years as chairman, and it will be a good time for the position to be reviewed."

Watt next?

Curious that while the paper industry continues to groan about the burden of its energy costs, the Reed group should make its top energy conservation expert redundant and disband the small management unit set up six years ago to repair some of the damage of the oil price explosion.

George Newton, who has worked for Reed for 29 years and was recently awarded an OBE for services to energy conservation, says that he does "not understand the reasons" for his dismissal. After all, it is only eight months since Reed International chairman, Sir Alex Jarratt, was complaining that oil costs were so great "we are thinking of burning the pulp and processing the oil." And deputy chairman Cyril Warmington is a member of the Government's advisory council for energy conservation.

John Benn, chairman and chief executive of Reed Paper and Board, concedes that Newton has done a good job for the group but says that in the current retrenchment energy management is to be handled separately by each division.

Newton is forming his own consultancy. But he leaves Reed with a few terse words of free advice for the industry which, he says, has been overstating its case on the gap between its energy costs and those of its competitors.

"As long ago as 1968, the industry was belly-aching about energy prices," he says. "I took the view it would never get cheaper energy and should campaign instead for low-interest Government loans to install more efficient plant. By 1970, 40 per cent of our boilers were 40 years old while most of those in Sweden were less than half that age."

Odd calling

"A Yorkshire businessman has won official permission to be known as Kermit the Frog . . . Fish fryer Mr. Peter Bysouth has been allowed to complete his census form as 'Mr. Peter Kermit the Frog' with the rider 'also known as Mr. Peter Bysouth' . . . Mr. Bysouth said today: 'It's taken a long time, but now (even) the rates department send all the demands in that name.' A spokesman for Doncaster Borough Council quipped: 'We are happy to accommodate him. We just hope he *hops along* with the money.'" (Press Association).

Building block

Civil servant Paul Twyman has failed a third time in his bid to join the board of the Anglia Building Society—but the prospect of success drew a little closer. At this week's annual meeting, he polled 12,867 votes, compared with 10,000 last year and 8,000 the year before. The lowest-polling director returned secured 15,600 votes.

Twyman objects to what he sees as too much in-breeding among Boards like that of Anglia. Why, he asks, should the Society pay for the distribution of a chairman's message giving the Board's view of candidates for directorships? He would also like to see an upper age limit of 70 for the Board. Twyman himself is 38 compared to directors vying for re-election aged between 59 and 72. The annual meeting, however, rejected narrowly membership proposals by Twyman to impose such an age limit, and extract a statement from chairman John Porter explaining the objects of the message regarding candidates.

Undeterred, Twyman will be back next year—and the year after if necessary—to put what he calls "some new blood" on to the Anglia Board.

Debit account

The latest report from the Economist Intelligence Unit, "Inflation Shelters," does not shrink from the nitty-gritty of investing in financial circles where business practices are less stuffy than their City counterparts. Under the heading "Chinese bookkeeping" the report warns that:—

"Credit terms in South-East Asia sometimes stretch beyond six months, and even then debts may be rolled over for a further term. Dealers in Hong Kong and Singapore occasionally receive goods back after several months without payment. But at the sleazy end of the business justice is often rougher — couriers are from time to time gunned down, diplomatic or airline personnel involved and expelled, bribes handed out to local officials, debts settled by secret societies, goods stolen and traffickers compromised."

"You will advance to this point, dig in and wait for the Government to supply you with ammunition"

Telling point

The M and G Group celebrates next week the golden jubilee of Britian's first unit trust, which it launched in a year which also saw Britain leave the gold standard and the National Government cut public service salaries by 10 per cent. To mark the occasion, the group has commissioned a book, "People and Their Money," written by financial journalist Adrienne Gleeson and describing the economic and social factors which have influenced private investors over the last 50 years.

Among the many lively reminiscences included in the book is one from aircraft designer William Rope, who began playing the market on his 1933 wage of £6 weekly.

"I remember that in the Westminster Bank," says Rope, "they wore stiff collars and dark suits, whereas in the Midland they wore plus-fours and vaulted over the counter if it was convenient to do so. I think there was a connection between this and the sort of investments that the banks sponsored. The Midland was more adventurous."

Observer

ECONOMIC VIEWPOINT

An Easter bet that will be hard to settle

APART FROM the new-found cheerfulness of company chairmen, the main evidence that the turning point of the business cycle has been reached has reached has been that of the CSO Cyclical Indicators. These consist of indices which have in the past provided advance warning of economic changes.

The "longer leading indicators" have in fact been rising since November, 1979, *although* with a hiccough in the spring of 1980. These are based on the FT Actuaries Index, short-term interest rates, changes in business optimism reported to the CBI, dwellings started and corporate acquisition of financial assets. On average the lead time has been 13 months, which would give a turning point last January.

There are also shorter leading indicators based mainly on credit, orders, stock and profit figures, which have been rising since November, 1980. This series has shown an average lead of five months, but this has been getting much shorter in recent cycles.

The really new development has, however, been the movement of the coincident indicators. These are based on output, production and sales and are thus an actual report rather than a mere forecast. But like all other data, they are subject to lags of reporting and interpretation. The composite average of the coincident indicators has been almost stationary throughout November, December and January, and turned up by nearly two points in February.

All this has, however, elicited a very sceptical response from a friend of mine in charge of economic forecasting over an extremely wide range of industry. He writes:—

"I am surprised that you give so much weight to the CSO cyclical indicators, given the unusual nature of the present recession. I would be very surprised if the timing relationships between economic variables remained the same as in the past.

"I could go through a long list of reasons for expecting further declines in activity, but you know them as well as I do if not better. Can I suggest instead a bet of a nominal amount, say, tickets for the show of the winner's choice, that the coincident indicator will fall below its February level during the rest of the year (you win if the index only equals its February level).

"Yours, in the expectation of prosperity."

This is not a bet which can be refused, unless one has a conscientious objection to all wagers — in which case one should not write about the economic outlook at all. The holiday season is not the time to carry on the substantive argument; but I should point out how very difficult it might be to settle this bet conclusively.

How will we know if the CSO coincident indicators drop back later to the February level or not? By waiting for the figures, as they come out? Anyone who thinks that has never had to follow an economic series.

Let us try to settle a simple question about the past. When was the peak of the last boom? It was some time ago and you might expect the answer to be cut-and-dried. If you had looked at the monthly *Economic Trends* you would have seen the previous cyclical peak clearly stated as August, 1978. But at the end of last year this was changed and the peak was then given as May, 1979, almost exactly election day. (Mr. Callaghan nevertheless lost, either because of the "winter of discontent" or because people have long memories.)

It is not only in Orwell's *1984* that officials rewrite history. Honest statisticians do so too. Not only are figures revised; but they require considerable statistical manipulation first to extract the long-term trend and then to work out the cyclical deviations. The result is that what had seemed a freak one month's rise in the spring of 1979, now looks like the top of the last cycle.

The present bet might seem different. We are not discussing anything as problematical as a cyclical peak or trough; simply whether an index will return later in the year to its February level.

It is, after all, quite possible that the British recession like its American counterpart may turn out to be "W" shaped, that is to have two bottoms. It could even be a malformed W with three bottoms. The ending of the stock rundown will be a bullish influence; and the Treasury hopes the savings ratio will fall. On the other hand real personal incomes will be squeezed by tax increases, while exports may be affected by the world recession and the erosion of profitability.

But how will we know if there is another economic dip or not? *The February index for the coincident series is 89.7.* But it is based on only two out of the five components. It could be revised up or down, as information about the other components arrives. It could easily be revised upwards to say 91.

Let us suppose that in October the indicator drops on first publication to 90. If we take February as it looks now, I have won the bet; if we take February as revised, my friend will have won.

But that is not the end of the story. Next October's index will itself be revised. So it is quite possible that I would have to take my friend to the CBI-TUC football match (the show of his choice) only to find that the figures are revised upwards again; and he would have the far more expensive task of taking me to Salzburg to see Karajan's *Parsifal*.

Thus not merely is economic forecasting very difficult. But it is almost as difficult to judge people's track record after the event.

A serious point arises from all this. Coincident indicators *are supposed to record actual* events; and if the information changes it is necessary to revise them. *But does it make any* sense ot revise "leading indicators" which are supposed to tell us *what is going to happen? If* we revise a leading indicator first published a year ago we are saying what somebody would have predicted if he had had information it is quite impossible he should have had.

In the political field we are all used to leaders who do not lead. But this need not apply to the quieter world of economic indicators. Would not it be better to say that the index of *longer leading indicators* just published refers to this April?

Then, when fresh information becomes available, it should be incorporated into the May leading indicators instead of *jobbing backwards to amend* the leading indicators of March, February, January or even *earlier months, which is the* present practice. After all a leader who is really a laggard *isn't much use; and we ought to* know which is which.

What happened to an earlier bet

ONE BET to which I was witness took place in Nuffield College, Oxford, at the end of 1973.

Peter Jay (*subsequently* ambassador to Washington) bet Nigel Lawson (now Financial *Secretary to the Treasury*) that by 1980, either Mr. Enoch Powell would be Prime Minister or *parliamentary democracy* would be suspended in Britain.

The stake was a meal at a restaurant of the winner's choice; and on March 18 this year Jay duly took Lawson to eat at the Connaught Grill in London.

But why did Jay lose the bet, as all the economic disasters he predicted have taken place? He would say that the political consequences have taken longer to unfold than he supposed, but that his diagnosis is unchanged.

There is also a slightly sadder explanation. At the time of placing the bet, seven years ahead seemed a very long time, but the intervening period has passed in the twinkling of an eye and I can remember the original episode as if it were yesterday.

The future is here sooner than you think, but much of what you fear happens later than you imagine.

The Cambridge letter plot

SOMETIMES a coincidence is *so remarkable that it cannot be* taken at face value. On March 30 the famous Cambridge-*sponsored letter from 364* university economists appeared, protesting against the Govern*ment's alleged policy of* "deflating demand."

Until the letter appeared, prognostications about the economic outlook had been very gloomy and dominated by hostility to the Budget. Since then comment has become much more cheerful. There has been more talk not only about the worst of the recession being over, but also about more fundamental changes in industrial attitudes and practices. Share prices have gone on to fresh heights. Moreover, no single event has done more to turn doubters in favour of the Government's strategy than the publication of this letter.

After prolonged reflection I have come to the conclusion that the letter was a Treasury plot invented to drum up previously flagging support for Government strategy. My suspicion is that the idea was suggested to Professors Hahn and Neild, who sponsored it, by an MI6 secret service agent planted among Cambridge students for the purpose.

Admittedly I cannot claim direct evidence but the circumstantial evidence is very strong. How otherwise can one explain the emphasis put on the fact that five former Chief Economic Advisers to the Government had signed the protest? The almost universal reaction has been that, in the face of such opposition, there may be something to be said for Government policy after all.

It is hard to believe that this reaction was not foreseen in *Cambridge which is the home* of both short- and long-term predictions. I am willing to be *persuaded that my suspicions* are wrong: but I would need a superior alternative explanation.

You don't say

"THE GAIN from marriage has to be balanced against the costs, including legal fees and the cost of searching for a mate, to determine whether marriage is worth while. The larger the gain is relative to costs, the larger the net gain from marriage; presumably, therefore, the larger too is the fraction of persons who marry."

"The gain from marriage also depends on traits, such as beauty, intelligence, and education, that affect nonmarket productivity as well, perhaps as market opportunities. The analysis of sorting in section 3b implies that an increase in the value of traits that have a positive effect on nonmarket productivity, market productivity held constant would generally increase the gain from marriage. Presumably this helps explain why, for instance less attractive or less intelligent persons are less likely to marry than are more attractive or more intelligent persons."

Or to put it another way.

$$\begin{array}{c|ccc}
 & F_1 & \cdots & F_n \\
\hline
M_1 & Z_{11} & \cdots & Z_{1n}\ Z_{10} \\
 & & Z_{ij} & \\
M_n & Z_{n1} & \cdots & Z_{nn}\ Z_{n0} \\
 & Z_{01} & \cdots & Z_{0n}
\end{array}$$

Gary Becker, The Economic Approach to Human Behaviour, Chicago, 1976.

Samuel Brittan

Letters to the Editor

Springtime in the City

From Mr. D. Damant

Sir,—In your leader of April 11 you refer to the "manic depressive character" of the equity market and the "herd-like movement of massed fund managers." These views are widely held, reflect upon important aspects of financial and public life, and, I submit, are largely contradicted by the evidence.

You point to the "investor with enough independence of mind to resist the herd-like movement"; but is it not likely that some of the fund managers themselves are sufficiently cynical to have that independence of mind? It is not a profession which discourages cynicism. If even a few insurance companies and pension *funds were to take a more realis*tic line, they would make very large profits: for the conse*quence of a manic depressive* market is that shares are often available at prices at which they *are bargains on the future pros*pects of the companies or at which sales are overwhelmingly *profitable. And once fund man*agers find such opportunities the money devoted to exploiting them will grow until the opportunities disappear.

This simple a priori argument is of course *the basic rationale* of the efficient market theory. The evidence available today that share prices properly assess the future is overwhelming. Such prices will move in a random walk, and random walks are observed in the equity markets. Individual items of news reaching the market are correctly and rapidly discounted in share prices; and, the most severe test of all, institutional portfolios show little sign of an ability to outperform the market on a *consistent basis: which* would not be the case if incorrect pricing left opportunities *clearly available*.

As far as the consequences of the efficient market theory *for fund managers are* concerned, my experience is that they are capable of looking *after themselves*. But the City is not isolated from the fact that economics is a central *political question*. What happens in the City affects or is believed to affect actions *taken by other parties in other* fields. The view that fund managers act in a herd-like manner *was recently proclaimed* by no less a personage than Mr. Edward Heath. The Archbishop *of York has recently compared* a takeover bid to the great train robbery. How can remarks of *this kind* be answered? Is there some scientific evidence which can be brought to bear, to prove that these people are thinking in the wrong categories? Yes, there is: here is the efficient market theory. What can we do with it?

Why is the Stock Exchange like a *casino*? Because like a roulette wheel the prices which it produces mark out a random walk: *but the random nature of* stock market prices stems from the efficiency and not the carelessness of *investors*.

Surely small investors must buy and sell at worse prices than the *up-to-the-minute* experts? Not at all: the market is made efficient by the experts, so that the prices are the right prices: Aunt Agatha obtains good value in her bargains even though she is remote from Throgmorton Street.

Why does the City take only short-term views, making it impossible for companies to entertain valuable long-term investment? The City does not only *take short-term views*. If a long-term project is indeed more worthwhile than a short-*term project (bearing in mind* the uncertainties and the current high rate of discounting) the matter *will* be *correctly* appreciated by the market. If this point alone were accepted by company managements it would in itself be an enormous advantage.

In the Lex Column of April 13 the following passage occurs: "Had the (United Biscuits) figures been presented in this (ie, another) way, it is difficult to believe that they would have been so enthusiastically received by the equity market."

In an efficient market this statement is false.

The only alternative to the efficient market theory is unscientific speculation. It is unfortunately the case that many of the dominant ideas in a society are determined by fashion rather than by truth. But fashion can be led by the hand, and I would suggest, Sir, that the Financial Times can help to bring this theory into fashionable discussion, to decide on its truth and on which qualifications must be entered in practice.

D. C. Damant.
Clive Investments,
1, Royal Exchange Avenue, EC3.

A show of money

From Mr. A. Diamond.

Sir,—In view of the recent stockbroking hammering, fears abound that members may have to top up the compensation fund to meet any contingency resulting from the misfortunes. The Stock Exchange Council should urgently review the *liquidity requirements* of member firms for under present regulations, partnerships are *only required to provide* a minimum £5,000 per partner (Rule 79A) and in some cases *a large proportion of the firm's* capital is exclusively the asset of one of the more senior *partners*.

In recent years, much attention has been paid to attract *new members with* academic backgrounds to the Stock Exchange to be schooled as invest*ment analysts* while there has been little response for firms to try and recruit new members with private means or outside corporate capital.

If the Stock Exchange is to transact ever increasing values for individual bargains, then clearly the capital base of every stockbroking firm should show *a substantial* increase from the paltry sum per partner now invoked. Would it not be a more realistic solution to increase the capital requirement to at least £50,000 per partner? This new capital requirement would be either held in cash or in a short dated gilt edged security and be deposited with the Stock Exchange but the dividends or interest paid would accrue to the individual. In some cases, if an individual partner was unable to raise the capital required, then no doubt, as at present, a colleague would be *permitted to advance the capital* on his behalf. Thus a medium sized stockbroker would need a *minimum deposit of £1m* which would certainly go some way to alleviate growing fears of investors as to whether or not their favourite firm of stockbrokers was under-capitalised.

Alan Diamond,
29 York Terrace West,
Regent's Park, NW1.

Flying the flag

From the Manager,
Ion Exchange Processes,
Fired Heater Division,
Foster Wheeler Energy.

Sir,—Captain R. A. Twomey's letter (April 8) is very glib in *its defence of club class*.

I consider it to be a means of extracting more money from *the business traveller since we* are almost compelled to use it. Like many, and unlike the *traveller for pleasure*, I have often to go at short notice and can rarely be certain of my return flight until literally hours before coming home — consequently I must have the facility of an open-dated return no longer available in economy.

Free drinks are of little incentive since I am invariably driving soon after landing, while a higher-standard meal may be pleasant but many times is refused since I will be eating at more leisure and in greater comfort upon arrival at my destination or may have already eaten before take-off.

A good supply of newspapers is a joke — other home-coming flights, even economy, have them anyway, while foreign airlines usually have them outgoing.

If British Airways must charge more I would be happier if it reduced the queueing necessary to get one's seat allocation and gave access to the executive lounge while waiting to get the next available seat — then it could truly be called club.

L. D. Roland.
Foster Wheeler House,
Station Road, Reading, Berks.

British Rail property

From the Honorary Chairman,
Hackney Public Transport
Action Committee

Sir,—*I refer to the announce*ment (April 8) by British Rail Property Board that it intends *to proceed with the redevelop*ment of Liverpool Street and Broad Street stations, British Rail has increasingly been obliged to look to BR Property Board to provide it with a substantial contribution to the main business, and it is therefore understandable that it should be keen to greater utilise British Rail property adjacent to or within the City.

Such a scheme however, would only be worthwhile if it was set up so as to provide a useful profit. The indications are that this will not be the case.

When the Liverpool Street scheme was first proposed in 1975-1976, it was shown to be commercially non-viable at cost and rent levels then current, according to accepted property investment appraisal methods. Over the last 5 years construction costs have more than doubled whereas rents have risen by only about 50 per cent in the Liverpool Street area so that the project as now presented appears even less commercially sound.

British Rail's major problem, largely self-created, is that its plans involve major railway reconstruction costing about £100m which would have to be financed by a £150m commercial property development comprising 1.2m sq ft gross of offices and that the two aspects of the scheme are integral. *British Rail has presumably* felt that in order to get planning permission for a major *office development it needs to* demonstrate "planning gain" in the shape of a re-built *station*.

Several major schemes however, are going ahead in or *near the City, including* a 550,000 sq ft proposal for a site adjacent to the vacant *section of British Rail's Liver*pool Street site, which have no expensive compensatory liabilities. *If therefore British Rail* separated out the scheme so that the office content was not *planned on the assumption of* a major station rebuild but was mostly concentrated on the *empty site available and if* station works were limited to a new Broad Street station integrated with the Tube and Liverpool Street station, it would probably have a commercial proposition which could be implemented in half the 8-10 years estimated for the project as now proposed. While the development profits would probably be more liable to development land tax, at least it might have some profit to invest elsewhere in the rail system, where, in any case, priorities are greater.

R. S. Lansdown.
62 Glenarm Road, E5.

Living with a strong pound

From Mr. P. Robeson

Sir,—I sympathise with Mr. Scott (April 11) but may I make the following points?

He says they are an engineering company and not dealers in currency. But by denominating their quotations for exports in French francs they inevitably become prospective currency dealers. The rate of exchange becomes immediately another economic variable to be taken into account together with such things as the price of labour, the cost of raw materials and energy, interest rates and the rents and rates of manufacturing premises. He may well argue that if they quoted in sterling terms they would stand less chance of getting the business but that does not alter the fact.

He says they sell forward when they get an order, that is their transactions exposure, but not when they quote because this would create excessive exposure. But he must have a fairly clear idea of the extent to which current and short term anticipated production is likely to go for export and he must *also be* in a position to judge the likelihood of success in achieving export orders as *negotiations* proceed. The problems of covering what some term "economic *exposure" are admittedly com*plex and inevitably involve a degree of judgment as to how *much cover should be taken, in* what currencies and when. But in the real, floating rate world it is, unfortunately, *desirable* and indeed necessary to extend exchange rate exposure cover in such a way. Fortunately since the autumn of 1979 UK traders have been free of exchange control encumbrances in this area.

P. W. R. Robeson.
Chamberlyns, 1, Codicote Road,
Welwyn, Herts.

Today's Events

GENERAL

UK: Railway workers meet British Rail on pay.

Special meeting of ambulance shop stewards to consider industrial action.

Final day of Royal Society of Health Congress, Bloomsbury Centre Hotel, London.

The Queen and Duke of Edinburgh attend Maundy Service, Westminster Abbey.

Overseas: Mrs. Margaret Thatcher continues visit to India.

Poland's Foreign Trade Bank representatives and international commercial banks meet in London for further talks on debt rescheduling.

Major EEC steelmakers meet again in Luxembourg.

Non-aligned Foreign Ministers meet in Algiers to discuss independence for Namibia.

Second and final day of Brussels conference to raise finance for Grenada's international airport.

Mass meeting of Chilean *copper workers on pay offer.*

PARLIAMENTARY BUSINESS

House of Commons: Debates on various topics prior to adjournment for Easter recess until April 27.

OFFICIAL STATISTICS

Retail prices index (March).

Tax and price index (March).

UK banks' assets and liabilities and the money stock (mid-March).

London dollar and sterling *certificates of deposit* (mid-March).

New construction orders (February).

COMPANY MEETINGS

Greenfields Leisure, Great Eastern Hotel, EC, 12. Kode International, 43, Bath Road, Swindon, 12. Ladies Pride Outerwear, Allen House, Newarke Street, Leicester, 11.45. Scan Data International, Chanctonbury House, Church Street, Storrington, 12. Sedgwick Group, 33, Aldgate High Street, EC, 12. Waverley Cameron, 23, Blair Street, Edinburgh, 12. Westwood Dawes, Pedmore House, Ham Lane, Pedmore, Stourbridge, 12.30.

£5m shortfall at Burmah Oil

PRE-TAX profits of Burmah Oil Co. for 1980 fell from £67.3m to £62.3m, with the UK refining *and fuels marketing business* producing a considerable loss caused by intense competition.

The full year decline represents a profit downturn from £47.1m to £34.1m in the second half, for at halfway an advance from £20.2m to £28.2m was reported.

Earnings per £1 stock unit are down from 29.92p to 19.51p and the final dividend is 5p net for an unchanged 6.5p total

On a CCA basis the pre-tax profit totalled £31.6m. With tax taking £30.8m this leaves the CCA net balance at £0.8m. The directors point out that the dividend total is not covered on a current cost basis but say they do not consider that CCA has achieved the acceptance neces*sary to become any more than a* factor to be considered when dividend policy is being determined.

A breakdown of operating profit shows: oil and gas £65.2m (£63.7m); automotive £7.6m (£17.3m); engineering £2.1m (£0.9m); industrial products *£6.6m (£7.6m); shipping £3.9m* (£4.5m); unallocated central expenses and provisions £1.2m (£11m).

The directors report that the contribution to operating profit *from* the North Sea Thistle oilfield rose from £13m to £31.3m in 1980. Shipping (which benefited from an exceptional credit of £13m in 1979) also showed a real improvement; in addition to trading gains the effect of the agreement on the Bahamas trans-shipment terminal *increased operating profit.*

The reduction in unallocated central expenses and group provisions arose mainly from the release of certain provisions. These had been made earlier against the possibly unfavourable outcome of commercial disputes but the exposure has diminished and all necessary provisions have now been made at operating company level.

	1980 £m	1979 £m
Turnover	1,221.0	1,086.6
Depreciation, etc.	29.6	23.9
Operating profit	84.2	83.0
Income from invests.	2.8	4.6
Interest	24.7	20.3
Profit before tax	62.3	67.3
Tax	30.8	22.6
Profit after tax	31.5	44.7
Minority profits	2.4	0.6
Extraordinary credits	1.5	5.0
Pref. dividends	1.0	1.0
Attributable to ord.	29.6	48.1

See Lex, Back Page

Esso up 26% but warns of underlying downturn

Esso Petroleum, the UK arm of the U.S.-based Exxon group, *made pre-tax profits of £639.4m* last year—a 26 per cent increase on the £506.1m figure for 1979.

But the company yesterday stressed that the result was "inflated by unrealised paper stock profits." Esso said its net profits of £209m in 1980 had given a return on assets of only *10 per cent* compared with the 16.5 per cent return it had had on net profits of £274m in 1979.

Turnover rose from £3.11bn in 1979 to £4.14bn in 1980—an increase of 32 per cent. But the company said trading conditions had deteriorated substantially in the middle of last year and had remained unsatisfactory so far this year.

The second half of 1980 contributed only £65m of *the £209m* net *profit for the whole of 1980.*

Esso's investment spending last year reached a record level of £487m and the company is planning a capital expenditure programme of £600m this year. A further £1.3bn will be needed altogether to meet Esso's commitments to North Sea development.

In 1980 the company produced 7m tonnes of North Sea crude —almost 10 per cent of UK requirements. But Esso warned that the new supplementary petroleum duty and the frequent changes in North Sea tax rules were having "an extremely adverse effect" on North Sea ventures. The long term attractiveness of investments already made or being made in the North Sea was being "seriously diminished."

The dividend to the parent company was again £200.1m.

SPAIN

April 15	Price %	+ or —
Banco Bilbao	299	
Banco Central	343	+8
Banco Exterior	268	
Banco Hispano	291	
Banco Ind. Cat.	124	—1
Banco Santander	341	+6
Banco Urquijo	181	
Banco Vizcaya	316	
Banco Zaragoza	214	—1
Dragados	138	
Espanola Zinc	75	
Fecsa	58.7	
Gal. Preciados	29	
Hidrola	64.7	—0.8
Iberduero	57.5	+1.8
Petroleos	94.2	+0.2
Petroliber	88	
Sogefisa	85	
Telefonica	60.2	
Union Elect.	64.5	

BRITISH VITA

The European and international operations of British Vita in the first quarter compared favourably with those of the same period last year and gave cause for optimism, share*holders were told at the annual* meeting.

In the UK, however, there were still difficult trading times ahead.

Richards & Wallington founder quits as banks tighten loan facilities

BY RAY MAUGHAN

Mr. Roy Richards, founder, chairman and chief executive *of Richards and Wallington,* the crane hire group, is to resign. He will be replaced by Mr. Geoffrey Parsons, a main board *director of John Laing* and chief executive of the construction company until last November.

Richards and Wallington announced yesterday that it had incurred a loss of £7.37m after tax and extraordinary items in 1980 with the result that its net tangible assets had been cut to £12.9m. Bank borrowings, *all of* which were unsecured, had risen to £26.1m by the year end. The group warned that "these figures demonstrate a serious financial position which is likely to continue while trading conditions remain difficult and interest rates are high."

Bank support will be continued subject to the group implementing "an appropriate programme of reduction in borrow*ings and trading in a manner* satisfactory to its bankers."

The group revealed that it had become apparent that as a result of its trading and financial position "a new challenge has to be faced in coming years and that expansion aimed for during the past 15 years must now give way to a programme involving the strengthening of the group's position and a reduction in the importance of external debt."

"In these new circumstances," *the group stated,* "Mr. Richards believed that new leadership was required."

One of the conditions imposed by the banks in return for continued support was the granting of security in the form of fixed and floating charges for the facilities made available to the group. However, the trust deed constituting the 7¼ per cent convertible unsecured loan stock 1969/88 contains restrictions and conditions "which are broadly incompatible with the revised banking agreements" and, accordingly, the board is propos*ing to redeem and cancel the* outstanding £1.37m of the stock at a price of £80 per £100 nominal, including accrued interest to the date of repayment.

The group also proposes to increase its borrowing limits from a multiple of twice to a ceiling *of three times shareholder's* funds. The balance sheet, which will be sent to shareholders of May 4, is not expected to show that the group had been in breach of the existing limits but the reclassification of certain acceptances as lines of credit since December 31 will involve a breach of the limits currently imposed by the Articles of Association.

The trustee of the loan stock, the group explained, has waived *the provisions of the trust deed* resulting from the taking of security by the banks provided the proposals are submitted to *stockholders* and approved by them at a meeting convened on May 8. If this is rejected, the waivers given will no longer be valid and the stock will become repayable at par value. The group's financial position, however, makes repayment at par impossible and, if the trustee had demanded repayment, "liquidation of the group would have become a distinct possibility."

Amounts receivable from a liquidation "within a reasonable period would be substantially less than any amount receivable by *stockholders* under the proposals," the group said.

The board revealed that the national crane drivers' strike last autumn cost at least £1.8m at the pre-tax level, and the steel strike over £1m. The liquidation of the half-owned crane manufacturer, Cosmos, the sale of Unit Sales (DIY) and exchange fluctuations had affected the 1980 results by a further £1.6m in aggregate.

While attempting to ensure that "bank borrowings are reduced at the fastest rate possible within the constraint of current economic conditions", the group warns that "1981 will *again be an extremely difficult* year and a further loss is anticipated".

The group has made several *statements concerning* the importance of hire fleet disposals and debt reduction from the beginning of last autumn onwards but Mr. J. M. Bishop, the finance director since the beginning of this year, said yesterday that as a result of recent detailed studies, the group had been forced to accept that this is an extremely difficult market.

He stressed that it was "in nobody's interests to create cash *at any cost*" *but the* "*board* changes reflect a new determination".

He described Mr. Richards as *a "hugely entrepreneurial man"* whose talents were best portrayed in "build-up situations." But Richards and Wallington "has come to a different phase in its life".

Floated on the stock market in 1965, the group was formed by Mr. Richards with one JCB. It was very unlikely, Mr. Bishop thought, that Mr. Richards would set up in competition and his resignation would not entail "*vast amounts of termination* settlements".

See Lex, Back Page

Cadbury steps up expenditure

COMMITMENTS for capital expenditure at Cadbury Schweppes totalled £63.4m at *January 3, 1981, with £49.6m* being authorised by directors, but not contracted for.

The commitments—of which £48.6m is in the UK—are for acquisitions of land, buildings and plant.

A statement of source and application of funds shows that the group spent £48m on fixed assets during the year. Depreciation amounted to £23.6m and on a CCA basis additional depre*ciation amounted to £12m.*

Sir Adrian Cadbury, chairman tells shareholders in his review that it is realistic to forecast that 1981 will be another year of difficult trading conditions round the world. "Our aim is to maintain the continuity of those policies which have materially strengthened the company in recent years."

As reported on March 20, sales moved ahead from £1bn to £1.12bn and pre-tax profits for the year ended January 3, improved by £4m to £61.3m. The dividend is lifted from 3.85p to *4.1p net* per share.

Net borrowings declined from £111.7m to £97m during the period, shareholders' funds totalled £292m (£272.7m), short-t[illegible] loans receivable were £34.2m (£14.9m), short-term borrowings £40.7m (£29.8m), and balance at bankers and cash amounted to £14.5m (£15.8m).

Meeting, Grosvenor House, W, on May 21, at noon.

Loss for Audio Fidelity

LOWER turnover, continuing realisation costs and higher interest charges have resulted in Audio Fidelity plunging to a pre-tax loss of £215,041 for the half year to end-October, 1980, compared with a profit of £141,892. Sales were down from £2.16m to *£1.69m.*

For the year to April 30, 1980, the group, which manufactures, wholesales and retails hi-fidelity sound equipment, reported taxable profits of £99,048 (£543,841) and paid a single dividend of 0.7p net (2.5p).

The directors state that although trading over the third quarter has been more favourable, a loss for the full year appears inevitable.

There was no tax charge for the six months (£90,092) but there was a minority credit of £2,589 (nil). Extraordinary *credits last time totalled £53,522,* against nil this time.

G. F. Lovell's profits tumble: final omitted

TAXABLE profits of G. F. Lovell, confectionery manufacturer, fell from £338,000 to £164,000 in the 12 months to end-November, 1980 on sales of £4.83m, compared with £4.5m.

The final dividend is being *omitted (5p), leaving the total* for the year at 3p net (8p). At midway profits had fallen from £124,000 to £87,000.

Tax for the year took £41,000 (£142,000) leaving stated earnings per 25p share of 12.765p (20.566p). The company is controlled by Fenton Hill Group.

CLIFFORD'S

Fruit juice is a buoyant part of Clifford's Dairies operations and the group will be hard pressed to meet demand before the new factory at Kidlington comes on stream. This project is behind schedule and well over budget says Mr. Gordon Clifford, the chairman.

Overall he looks forward to a brighter future and in his annual report says the group is well placed.

Meeting Maidenhead, *May 22* at 11.30 a.m.

London Shop defends issue

BY ANDREW TAYLOR

London Shop Property Trust yesterday criticised McLeod *Russel, the tea plantation to* property group, for its strongly worded attack on London Shop's near £5m rights issue.

McLeod, which owns a 20 per cent stake in London Shop, is urging other shareholders not to support the rights issue and has warned that it may sell its own stake if the issue goes ahead.

In a letter sent to shareholders yesterday, London Shop said that it refuted McLeod's claim that the rights issue was misconceived.

Mr. Hugh Jones, chairman of London Shop, said that *McLeod's letter* "*betrays* a lack of appreciation of your company's specialised skills in properties of the type which, while of god quality, large institutional investors tend to find too small and requiring too much administration to be attractive."

McLeod has questioned the *wisdom of raising finance at 9* per cent to acquire properties at yields of 9 per cent or higher, when yields on best quality *property investments* are currently as low as 3½ per cent. McLeod says that by investing in higher yielding "tertiary retail premises which could only be regarded as substandard with questionable future growth prospects" London Shop has reversed its earlier policy of attempting to improve the quality of its investment portfolio by selling off its poorer quality properties.

Mr. Hugh Jones of London Shop said last night that McLeod had totally misunderstood the property group's investment policy of acquiring "very good quality" secondary property investments and improving the return on these properties by *good management.*

McLeod has strongly criticised the speed at which the rights issue has been mounted since it lifted its stake in London *Shop to 20 per cent following* the acquisition of a near 15 per cent stake in a "dawn raid" last December.

However, London Shop yesterday denied that it had launched its rights issue—which would cost McLeod £1m if it took up the offer—as a defensive *measure* against a *possible* takeover bid being mounted by McLeod.

London Shop has recently *revalued its property portfolio at* £28.4m which it says at current valuations commands an investment yield of just under 9 per cent.

London Shop share price rose 4p yesterday to 140p.

Barrow Hepburn £1.3m lower

AFTER associate companies' losses of £418,000, against profits of £427,000, hide and leather processor Barrow Hepburn Group *has turned in a lower taxable* surplus of £1.76m for 1980, against £3.07m the previous year. Second-half profits plunged from *£1.61m to £744,000.*

The dividend is being maintained at 2.2p net with a same-again final of 1.4p.

The directors say the associate losses arose principally in the French company Le Tanneur. They decided to write down the investment in Le Tanneur by £421,000, and this is reflected in extraordinary debits of £416,000 against £6,000. The French company will be treated as a trade *investment in the 1981 accounts.*

The group pre-tax surplus—reduced to £1.14m (£1.81m) on a CCA basis—includes a profit on the sale of trade investments of £260,000 (nil) and was also struck after interest charges of £265,000 (£379,000). Turnover dropped to £28.9m (£36.36m).

Tax took £507,000 (£1.03m) and earnings per 25p share are shown down from 7.98p to 4.8p.

Sales of investments in hide dealing and processing companies and reductions in working capital *enabled the group to finish the* year with net cash of £351,000, say the directors. This had subsequently been increased to over £1m by the sale of the New Zealand associate.

The group has bought the assets of Clogwyn Climbing Gear from the receiver for £226,000.

● comment

Barrow Hepburn's evolution — into a group of "specialist" manufacturing and distribution operations—is passing from its phase of disposals into a period marked by acquisition. Last year £1.2m was realised by the sale of leather interests in Argentina and New Zealand, and writing off £0.42m of Barrow's investment in "Le Tanneur" is meant as a prelude to its sale. Leather is now not more than 10 per cent of group activity. In various degrees, the accent is instead being placed on safety products *—especially climbing gear — on* plastics and rubber compounding, and on the distribution of rubber and plastic products to industry. In each case, the intention is to avoid competing at the commodity level. Barrow has added to net cash since the year end, and is still on the prowl. A maintained dividend is covered by CCA earnings (a fact owing something to the favourable effect on those figures of a *collapse in hide prices last year),* and yields 9.4 per cent on yesterday's price of 35p, up 1p. A fully taxed p/e of 10.6 is not high, but the group has still to establish a track record.

Adwest falls—but sees recovery

PRE-TAX profit of Adwest Group, the automotive, electrical, agricultural, industrial and engineering products concern, fell in the half year to the end of 1980 from £2.37m to £1.53m. In the year to June 30, 1980, profit before tax was £8.29m.

The directors say that the first half was the worst they can remember. The company was severely affected by the recession in the automotive and central heating industries.

"In the second half we do not expect our sales to improve, but we believe that the streamlining of our companies will allow profits to show some recovery," they say.

"We consider we have taken most of the retrenchment action necessary to enable our com*panies to hold their own for the* future, and any upturn in the economy will improve our profits."

A maintained interim dividend of 2.1p per 25p share is to be paid. Last year's total was 7.43p.

The half year pre-tax profit was struck after interest payable less receivable of *£140,000* (£160,000). Tax was estimated to take £540,000 (£1m), minority interests came out at £26,000 *(£53,000) and there was an extra*ordinary debit of £510,000 (nil).

The directors add that the development of the aerodrome, for which the company now has planning permission, continues according to plan, and should provide additional profit and cash flow for the next eight years.

Though this has involved the *company in heavy preliminary* expenditure on roads and services, they say the balance sheet remains strong.

● comment

The shares of Adwest closed at 186p, a high for the year, after a maintained interim dividend and relatively modest pre-tax profits slide of 35 per cent. Volume was down 12 per cent *on the comparable period* and some of the group's automotive companies moved into the red. Earnings from its engineering companies also suffered but its electrical engineering interests held up well. Staff was reduced by about 16 per cent over the period, stocks trimmed and all *the group companies are now* profitable. Earnings from the houses built on the Woodley aerodrome site should contribute to second half and thereafter the company expects to earn about £750,000 a year from this development. For the full year earnings of £5.5m are in sight. The shares, on a maintained final, yield nearly 6 per cent and the prospective p/e, fully taxed, is a hefty 18.

Kalamazoo profits slide

PROFITS, before tax, of Kalamazoo, business systems and services group, slumped from £2.05m to £730,000 for the 26 weeks ended January 30, 1981, on external sales of £15.71m against £14.74m. Surplus is shown before the KWA bonus.

The directors state that, as far as the full year is concerned, there are indications that group business has stabilised at its present *lower level, but it is too* early to say when it may begin to climb again—pre-tax profit for 1979/80 was £3.79m.

Although the *short-term problems* caused by the recession affected results, they say the lull in activity gave the group the *opportunity to put itself in a* stronger position when the economy improves. The sales range is being added to and directors are taking action to increase the effectiveness of the organisation.

The interim dividend has been cut from 1.25p to 0.83p net per 10p share—last year's final was 2.5p.

Despite the recession the group has continued the development of *new systems* and its micro computer range, which absorbed a significant amount of the profit generated by existing activities.

On a CCA basis pre-tax figure is reduced to £301,000 (£1.6m).

Finlay Pkg £182,000 lower

The decline seen at *Finlay* Packaging midyear accelerated in the second six months of 1980. The colour printing and packag*ing material group* finished the year with taxable profit down from a record £611,000 to £429,000 on sales marginally up *at £6.39m, against £6.04m.*

Stated earnings per 5p share slipped to 3.53p (5.8p) but the net total dividend is maintained at 1.5p by *a same-again* final of 1.1p.

Profit included interest £37,000 (charge £3,000). After tax of *£126,000 (£113,000) the* net balance came out at £303,000 (£498,000).

On a current costs basis pre-tax profit was *£196,000* (£395,000).

CORAL INDEX
Close 546-551 unchanged

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre- sponding div.	Total for year	Total last year
Adwest .... int.	2.1	June 10	2.1	—	7.43
Air Call	2.1	—	Nil	2.63	Nil
Anglo American Inv.‡	630	May 28	630	890	860
Astbury and Madeley	4	—	2.58	5	3.25
Barrow Hepburn	1.4	June 5	1.4	2.2	2.2
Berwick Timpo	4	Sept. 21	4	6	6
Burmah Oil	5	July 2	5	6.5	6.5
Cosalt	2	July 2	2	3.5	3.5
I. J. Dewhirst	1.15	July 1	0.98*	1.6	1.35*
Finlay Packaging	1.1	June 4	1.1	1.5	1.5
Hawker Siddeley	5.2	July 2	5	8.2	8
Kalamazoo .... int.	0.83	May 22	1.25	—	3.75
G. F. Lovell	Nil	—	5	3	8
Albert Martin	Nil	—	2.5	Nil	4.3
Minet	1.75	—	1.72	4.55	4.47
Pearl Assurance	13	June 17	12	20	17
Secs. Tst. Scotland	3	June 22	2.9	4.9	4.8
Sun Life	4.5	June 16	4.63	12	6.54
United Carriers	2.5	—	1.75*	3.5	2.5*
Wade Potteries .... int.	0.5	May 29	0.5	—	2

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ South African cents throughout.

Hawker Siddeley ahead to £113m

ON SALES up from £1.11bn to £1.21bn taxable profits of the Hawker Siddeley Group, electrical and mechanical engineering concern, moved ahead to £113m for 1980, compared with a previous £107.8m.

At halfway the surplus had risen from £53.1m to £57.2m.

On the year's results the directors say that the general world economic conditions have affected the figures. The UK-based activities have done "a little less well" but that is not to say the group has not had severe difficulties *in some of the* UK operations. Better results were seen in the U.S. and Australia, and they "might well have done so in Canada, had it not been for two major strikes."

Earnings per 25p share are shown as 35.2p, against 32.2p, and the dividend is increased slightly from 8p to 8.2p net with a final payment of 5.2p.

A divisional analysis of turnover — exports were £289m (£314m)—and trading profits—£110.8m (£101.2m)—shows: electrical engineering £577m (£517m) and £45.1m (£42.5m): mechanical engineering £434m (£383m) and £46.9m (£37.1m); H-S Canada (mainly mechanical engineering) £194m (£210m) and £18.8m (£21.6m).

Pre-tax figure for the year *included* interest receivable, much lower at £2.2m, compared with £6.6m, and was subject to tax of £32.9m (£31m).

After minorities, £10.5m (£13.3m) and an extraordinary debit of £5.9m, against £7.9m, the amount attributable was £63.7m (£55.6m).

Adjusted for current costs the taxable surplus is reduced to £69.6m, against £57.7m last time, and CCA earnings are given as 15.1p *(9.4p).*

As at December 31, net cash in hand of the group amounted to £35.8m (£83.8m), bank, cash and *short* term investments were £106.9m (£147.6m), bank loans and overdrafts £71.1m (£63.8m), and shareholders' funds totalled £502.2m, compared with £466.9m a year earlier.

See Lex, Back Page

ISSUE NEWS

BCA seeks £2m via rights issue

British Car Auction Group is proposing to raise about £2.18m through a one-for-five rights issue at 66p per share to provide finance for the expansion of its coin operated machine business and its participation in Television South, the consortium which has been offered the independent television franchise for the South and South East of England.

The group estimates that its investment in the franchise will amount to about £600,000, for which it expects to receive some 5 per cent of the total issued equity and loan capital of Television South. The BCA board, headed by Mr. David Wickens, believes that "the area for which the franchise has been awarded is commercially attractive and the investment should prove rewarding."

Turning to the coin operated machine division, which improved its contribution from £130,000 to £175,000 in the half year to January 31, the group points out that because gaming legislation has been amended to permit increased stakes and pay-outs, funds will be required to convert existing machines after which rental income will be substantially increased. The machines are written off over two years, so that implementation of these changes in legislation will not give rise to book losses.

At present, BCA's machines are installed in about 100 outlets—largely Courage pubs and clubs, and are expected to produce around £400,000 pre-tax in the full financial year.

Overall pre-tax profits are forecast to reach at least £2.8m, against £2.6m, and the group has reiterated its interim forecast of a 1.7p per share final dividend, which would lift the total by around 16 per cent to 3.2p per share.

The issue has been underwritten by the merchant bank, Robert Fleming, and the brokers are Anderson and Co.

● comment

BCA sometimes describes itself as the stock market of the vehicle distribution trade. Whatever the terminology, the auction business has proven a resilient cash generator in a sluggish volume environment and produced profits of £900,000 against about £650,000 in the marginal improvement overall of the last reported half year. Against that, Readygas struggled in a mild winter and the caravan parks were probably no better than flat. BCA is now calling for £2.8m, at a discount of 20 per cent to the overnight price, for further asset expansion. Any significant change in the land tax structure would release a great deal of cash on the Frimley and Brighouse auction sites but, for the moment, a tolerably healthy balance sheet is being strengthened to tap the potential of the gaming machine market which requires a near £400,000 re-equipment and for the long term, the IBA franchise changes. The shares added 3½p to 86½p yesterday, spurred by the TV deal and persistent buying from one broker where ex-rights yield on the dividend foreshadowed at the interim stage is 5.3 per cent.

Floyd Oil calls for £2.8m

Floyd Oil Participations is raising £2.8m by way of a rights issue of 3m ordinary shares on the basis of 2 new shares at 98p each for every 7 ordinary shares, founders shares or subscription warrants, held on April 6.

The company, which was formed in 1979 and is quoted in the Unlisted Securities Market, also published its results for the half year to December 31, 1980, showing a profit before tax of £201,000. This was after crediting other income of £66,000 and writing back a £76,000 provision against the cost of certain oil and gas interests, where the title had been in doubt.

Stated earnings per share were 1.66p. No dividend has been declared. Last year, the company incurred a loss of £68,000 before tax.

Mr. J. E. K. Floyd, chairman, says that although the company has established a cash flow, further funds are required for proposed exploration activities in the UK and the U.S.

Applications have been made for three production licences to enable drilling to take place on prospects in the East Midlands and the company expects that up to 12 further production licences will be applied for before exploration licences expire on July 31, 1981—drilling would begin later this year or early in 1982.

In the U.S., funds are required to enable the company to bear its share of the exploration costs of the programmes in which it is participating. Floyd has taken interests in deeper, higher risk wells and in overriding royalty interests covering a large spread of acreage to increase its cash flow.

Certain directors have undertaken to subscribe for an aggregate 890,424 new ordinary shares and the balance has been underwritten by County Bank. Shareholders are being asked to approve an increase in authorised share capital at an EGM on May 1, 1981.

Dealings in the new ordinary shares in nil paid form are to begin on May 5 and the final day for acceptances is May 22.

Brokers to the issue are Panmure Gordon.

● comment

Floyd's initial policy of investing in a large number of low to medium risk oil prospects in North America has succeeded in producing a modest cash flow less than two years after the company was formed. Last year's £1.3m rights issue was made in part to pay for the acquisition of a company with a 25 per cent interest on promising acreage in the UK East Midlands. Now the group plans on drilling five wells on this acreage in the next year or so and is also expanding its commitments in the U.S. The amount of money now being sought seems modest compared to that being raised by some foreign-based drilling funds and Floyd has at least begun to establish a track record. The shares have followed the rest of the oil sector down recently. Yesterday, they fell 8p to 112p but the rights look reasonable value in an admittedly high risk field.

Cambridge Water £2.5m

THE Cambridge Water Company is offering £2.5m of redeemable preference stock by tender.

The stock carries a coupon of 8 per cent and a minimum price of £102 per cent, producing a gross redemption yield of 10.9 per cent or 16.18 per cent for those able to take advantage of franked investment income.

The running yields at £102 are 11.2 per cent and 16.34 per cent respectively. The stock is redeemable at par on June 30, 1986.

The stock is denominated in amounts of £100 and applications, accompanied by a £10 deposit per £100 nominal, must be received before 11 am on April 23.

The first dividend, amounting to £1.076 per cent, will be payable on July 1, 1981, and thereafter, dividends will be payable half-yearly on January 2 and July 1.

Brokers to the issue are Seymour Pierce and Co.

● comment

The Cambridge issue is being offered on terms identical to those for the West Hampshire Water Company issue a month ago. The average price obtained on West Hampshire was £102.715 and the stock is now quoted at £101¾. Unles there is a significant change in interest rates in the next week, anyone wanting a full allotment should probably tender at £103.

ASSOCIATE DEAL

J. Henry Schroder Wagg and Co., which is advising Standard Chartered Bank, has bought 30,000 Standard Chartered at 670p on behalf of associates discretionary investments clients and 1,000 at 647p on behalf of discretionary investment clients.

Company Announcement

VEREENIGING REFRACTORIES LIMITED

(Incorporated in the Republic of South Africa)

AMENDMENT TO ANNOUNCEMENT REGARDING 'CHANGE IN ACCOUNTING DATE'

With reference to the announcement dated April 13 1981 in connection with the change in the accounting date of the company, the first interim dividend which it is intended to declare in May 1981 will be paid in July 1981 and not June as previously advised.

Vereeniging
April 14 1981

Lower charges lift Minet

WEAKER performance by the broking side left 1980 operating profit for Minet Holdings down from £10.02m to £8.93m. However, substantially lower exceptional charges allowed the Lloyd's and general insurance broking group to pull ahead at the pre-tax level from £8.47m to £8.68m with a £903,000 advance coming in the second half. Turnover slipped to £35m, against £36m.

The year's increase would have been some £1.3m better than that reported had the 1979 exchange rates applied, the company points out.

Because of adverse trading in the industry the directors refrain from making a forecast. But a rigorous cost control programme and completion of the group's restructuring leaves them "confident that we are now in an excellent position to respond to the challenges ahead."

Stated earnings per 20p share were down at 8.82p (9.18p) after higher tax of £4.16m (£3.95m).

The net total dividend is, however, being raised 2 per cent to 4.55p (4.66p) by a 1.75p final, and absorbs £2.29m (£2.24m).

The contribution to operating profit from broking was down from £7.19m to £5.85m.

An anlysis shows, in £000s: brokerage profit £29,475 (£30,670), investment income and interest £3,629 (£2,921), associates' profit £2,061 (£1,482) less expenses of £29,337 (£27,879). For underwriting the net income for Lloyd's agency was £1,994 (£1,600), the insurance company contributed £923 (£830) and investment income was £255,000 (£88,000).

● comment

Better than expected results from Minet Holdings left the insurance broker's shares 10p better at 112p. Broking expenses, which were rising at around 9 per cent at the half way stage were held at an increase of just over 5 per cent for the full year, thanks to the impact of cost cutting. UK staff numbers were reduced by 8.5 per cent on average, although overseas numbers showed a small increase. And a change in accounting treatment, because of a relaxation of exchange control regulations in some countries, has prompted the group to consolidate an extra lump of taxable profits of over £400,000. But brokerage income has been on the slide against intense competitive conditions. The group's ratio of expenses to brokerage before investment income amount to just under 100 per cent compared with 91 per cent in the previous year. The contribution of Lloyd's underwriting interests now represents over 14 times the contribution from broking whereas broking represented nearly twice the contribution of underwriting activities in the previous year. Minet is now looking for further recovery, but the shares, yielding 5.9 per cent, are unlikely to outperform the sector.

Sun Life paying 4.5p final

THE DIRECTORS of the Sun Life Assurance Society have recommended a final dividend of 4.5p net per 5p share for 1980 making a total for the year of 12p compared with 6.5367p in 1979.

They say that this payment represents a 20 per cent increase in one half of the payments made in 1980, and it is their intention to pay 4.5p as an interim in December 1981 and then the final for 1981 will be declared in April 1982.

They announced last year that in future they would be declaring the final for each year in April after the results of the actuarial valuation were known.

In accordance with the revised dividend declaration arrangements, first and second interim payments of 3.75p per share were made in the calendar year 1980 and these represented a 15 per cent increase on the payments made in 1979.

The proprietors' share of divisible surplus following the annual valuation at December 31, 1980 of the society's long-term business fund amounts to £4.47m, an increase of 19 per cent over the 1979 level of £3.74m.

The proportion of distributed surplus allocated to the proprietors has been increased from 8.4 per cent to 8.8 per cent.

After taking account of net investment income and deducting the increased costs of funding new business arising from the expansion of unit-linked life assurance the proprietors' profit for the year increased to £4.72m (£4.37m).

25% rise in net profits as Pearl tops £10m mark

HIGHER investment income and life profits, together with slightly reduced underwriting losses last year, resulted in the net profits of Pearl Assurance Company rising by nearly 25 per cent from £8.46m to £10.45m in 1980.

A final dividend of 13p net lifts the total payment from 17p to 20p.

Life funds expanded from £1.14bn to £1.29bn last year and the life branch surplus rose 17 per cent from £71.08m to £83.3m, boosted by a further release of unrealised capital appreciation made primarily for the purpose of granting terminal bonuses to policyholders. The amount transferred to profit and loss account amounted to £8.25m against £6.97m.

Pearl Assurance (Unit Funds) continued to make good progress, with the life fund reaching nearly £35m and a surplus of £500,000 for the year was achieved of which £300,000 has been transferred to profits. Pearl Assurance (Unit Linked *Pensions) made a satisfactory* start in its first year of operation.

Premium income in the general branch—at £52.44m—showed a satisfactory growth rate of 21 per cent. Premium income on marine, aviation and transport rose 8 per cent from £3.78m to £4.11m.

The UK underwriting loss was reduced from £3.96m to £3.43m, with an improvement in both the motor and property business, where losses were reduced by £630,000 and £360,000 to £360,000 and £1.97m respectively. However, the company was affected by higher liability claims; losses on the liability account being £400,000 higher and personal accident losses rising by £100,000.

The company has transferred £1m from the profit and loss account to form a "claims equalisation" reserve to provide a fund which would be used to smooth fluctuations arising from exceptional occurrences such as storms and floods.

General branch investment income improved by over 25 per centfrom £5.19m to £6.56m. The investment income on shareholders' funds rose a similar amount from £1.74m to £2.18m.

Stockholders at the AGM will be asked to approve the creation of a further 9m ordinary shares of 5p each to be added to the authorised share capital. The company emphasised that this did not indicatethe need for any further capital in respect of existing business and there were no specific plans at present to issue any.

Policyholders receive £74.51m of the life branch surplus, compared with £63.11m in 1979. This is paid out in the form of higher reversionary bonuses. On ordinary branch assurances and annuities, except pension business fund, the rate for policies taken out in 1975 or earlier is lifted 90p to £6.70 per cent of the sum assured, while on later policies it is lifted 60p to £5.10 per cent.

On pensions business fund the rate for policies taken out in 1975 or earlier is lifted by £2.40 to £9.40 of the basic benefit.

The terminal bonus on death or maturity claims from May 1, 1981, is reduced slightly from 1.3 per cent to 1.25 per cent of the sum assured

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: M. P. Kent.

Finals: Anglo-African Finance, J. E. England (Wellington), General Scottish Trust, Arthur Henriques, Hawden-Stuart Plant, London and Holyrood Trust, London and Provincial Trust, Thomas Marshall (Loxley), Rowan and Boden, Scottish Mortgage and Trust, Sheffield Brick, Solicitors' Law Stationery Society, Tilbury Contracting.

FUTURE DATES

Interims—	
Anglo Scottish Invest. Trust	Apr. 23
B A.T. Industries	Apr. 29
M.Y. Dart	Apr. 28
North British Properties	Apr. 22
Finals—	
Concord Rotaflex	Apr. 21
Currys	Apr. 21
Flight Refuelling	Apr. 23
Futura	Apr. 24
Gerrard and National Discount	Apr. 27
Rowntree Mackintosh	Apr. 23
Scottish European Investment	May 20
Scottish Northern Inv. Trust	Apr. 27
Silentnight	Apr. 28
Silentbloc	Apr. 28
Simon Engineering	Apr. 27
Thomson T-Line Caravans	Apr. 29

TV South West offers £2.4m for Westward

Television South West has put in a £2.38m bid for Westward Television, the company from whom it won the west country ITV franchise in the latest contract reshuffle.

TSW, a private company, said its bid will not be increased beyond this level. Its merchant bank adviser is N. M. Rothschild, following TSW's disagreement with Gresham Trust, which has also withdrawn from the consortium.

Gresham and TSW parted company because the bank was not in favour of making a bid without agreement of the Westward board. TSW's new franchise takes effect from January 1982.

Gresham previously had 10 per cent of the consortium, whose other founding members include ICFC, London Life and Britannia Arrow.

Westward put out a statement through Hambros Bank yesterday, saying it would be considering the TSW offer "as soon as practicable." It advised shareholders to take no action. Hambros has 20 per cent of the Westward votes.

TSW and Westward have been talking since early January. TSW said it was making the bid now "in order to resolve the matter speedily." For the 9.6m "C" shares, with no votes, it is offering 24p in cash. For the 200,000 "A" and "B" shares, with votes, it is offering 30p.

Mr. Peter Cadbury, the former Westward chairman deposed last summer, said, yesterday, on the TSW bid: "It is a very good solution in the sense that any solution is better than what is going on at the moment."

IF TSW's bid fails, it will consider conversion of an existing building with Plymouth City limits. Westward is considering whether it can raise more than the bid value by selling off its property and equipment separately.

G. Callender listing suspended

The shares of George M. Callender, a manufacturer of roof felting and damp courses, were suspended yesterday morning. The company, which is being advised by County Bank, later said that discussions are taking place which may lead to an offer being made for the whole company.

Suspended at 64p, valuing the company at £4.35m, the shares had moved up 2p in early trading following a gain of 8p on Tuesday.

The directors and their families hold about 60 per cent of the shares.

In the half-year to June 30, 1980 the company reported a more than doubling of pre-tax profits to £609,327, but warned that "growing economic difficulties may have some adverse effect during the second half." In 1979 the company made a profit of £926,000.

INCHCAPE COMPLETES

The acquisition by Inchcape and Co. of Lloyds Bank International's interests in the share capitals of a group of companies trading in Colombia, Ecuador, Peru and Chile has been completed.

As a result 2.78m ordinary shares of Inchcape have been allotted to LBI in full satisfaction of the consideration of £11.8m. These new shares have been placed by Baring Brothers and Co. Brokers to the placing are Hoare Govett and Cazenove and Co.

British Sugar open to offers

The Government is prepared to consider a takeover of British Sugar Corporation and may sell its stake of around 24 per cent in the company. S. and W. Berisford, the sugar merchant, bid for British Sugar but dropped its planned takeover after a Monopolies Commission reference. Berisford was given conditional clearance last month.

Since then the Berisford directors have been reconsidering their plans and have been holding discussions with the Government.

ARGYL FOODS

Mr. W. N. Cassel, a director of Argyll Foods, the food group headed by Mr. James Gulliver, has reduced his shareholding to 2.17m shares, representing a 5.15 per cent stake. Mr. Cassel has disposed of 2.25m shares.

Flight Refuelling in £4.9m U.S. merger

Flight Refuelling (Holdings) has paid nearly $3m (£1.4m) for a 28.1 per cent stake in Stanley Aviation Corporation of the U.S. and intends to bid for the rest.

The maker of specialist equipment for the aircraft, nuclear and electronics industries paid $24 a share for the stake, bought from Stanley directors and associates, and will bid the same in cash for the rest.

Altogether, Flight Refuelling will pay out more than $10.6m (£4.9m) for Stanley, with which it has already entered into an agreement and merger plan.

Stanley, listed on the American Stock Exchange, is based in Denver, Colorado. It designs, develops and manufactures parts for civil and military aircraft. The UK company is Stanley's licensee in Europe for its rigid and flexible pipes.

For the year to last June 30, Stanley achieved sales of $6.29m and earned a pre-tax income of $1.49m. Its net assets at that date were $5.04m.

Flight Refuelling, advised by Kleinwort Benson, said its bid was conditional on approval of both sets of shareholders. The deal should be completed by June 30.

In the first half of last year, Flight Refuelling boosted pre-tax profits by over 25 per cent to £1.46m, with turnover up from £7.2m to £8.9m.

Mr. Ken Coates, Flight Refuelling's managing director, said the company has tended to concentrate on Europe until now, but saw the purchase of Stanley as a potential base for moving into the U.S. market. Its figures for the full year are due next week.

CAPARO REDUCES SINGLO STAKE

Caparo Group, a private holding company, has sold a 27.1 per cent interest in the Singlo Group bringing its holding down to under 5 per cent.

Caparo has sold 5.2m shares, being the total of 4.49m shares sold by its subsidiary Empire Plantations and Investments and 712,000 share by Caparo itself.

Barget in £324,000 furniture deal

BARGET, the furniture maker and wholesaler, is to acquire a 75 per cent controlling interest in Meubles Francais (Reproduction), a Brighton-based importer and distributor of 17th century French furniture, for £324,000.

The deal will be financed by the issue of 235,000 Barget ordinary shares which will be transfererd to Reschome Ltd., a company controlled by the managing director of MFR, Mr. B. Clarke. In the market Bargets shares stand at 165p.

Reschome will retain a 25 per cent interest in MFR but Barget has bought the option to acquire this stake, which is exercisable on December 31 each year up to 1986, subject to agreement from Mr. Clarke and Reschome. On December 31, 1986, Barget will be entitled to purchase the balance without such agreement at a price based on the net asset value of MFR atthe date of acquisition.

Barget has agreed to pay Reschome additional fees should MFR's profits exceed £93,750 between April 31 and December 31, 1981, and, or, exceed £125,000 for the financial year end December 1982. It will pay Reschome half of the excess with a £50,000 ceiling in each period.

In the year to March 31, 1980, MFR made pre-tax profits of £101,617 on turnover of £581,629. Management accounts for the twelve months to March, 1981, show a rise in pre-tax profits to £157,970 on lower turnover of £460,342.

Shareholders' approval of the deal will be sought at an EGM on May 5.

Chas. Fulton pays £2.8m for Gillett money broker

Gillett Brothers Discount Company, the discount house, has agreed to sell Kirkland-Whittaker, its money broking subsidiary, to Charles Fulton for about £2.8m.

Charles Fulton, 42 per cent owned by Gill and Duffus, the commodity trader, is one of the four major international money brokers based in London. Last year its utrnover was £13m and volume for the current year to the end of July is running at a rate which indicates about £17m for the full year, according to Mr. Stephen O'Brien, the chairman.

Fulton made pre-tax profits of £1.3m last year and Mr. O'Brien said yesterday that margins should be maintained this year, despite £250,000 expenditure on a new sterling dealing room.

Kirkland-Whittaker's pre-tax profits for the year to December were £520,000. In 1978 it is believed to have made profits approaching £1m but since then has been embarked on expansion in New York and rationalisation.

That process is now said to be complete and a recovery in profits is anticipated.

Fulton has also been expanding in New York, where it has a staff of 90, compared with Kirkland-Whittaker's 16 or so, and intends to increase this to around 150 by 1983.

The takeover of Kirkland-Whittaker, which is to remain a separate entity, also strengthens Fulton's positions in Amsterdam and Jersey where Fulton was not represented, and in the domestic Hong Kong currency markets.

Under the takeover terms Gillett will receive £2.25m cash on completion and will also be repaid loans totalling £590,000 over two years.

It was the last remaining discount house to have a money broking subsidiary.

Hawley assets '£18.5m'

Net tangible assets of the enlarged Hawley Leisure Group following the agreed bid for Provincial would be £18.5m, according to a circular in connection with the proposed merger.

The pro-forma tangible asset statement is based on the balance sheets of the two companies at the end of 1980, adjusted to show the listed investments of Provincial in Hawley and Pritchard Services on April 13. Hawley's 29.7 per cent stake in Kean and Scott is also valued at that date.

Mr. Michael Ashcroft, chairman of both Hawley and Provincial, said Provincial would contribute about £12.3m of the net assets and Hawley £6.2m. However, he said that Provincial's assets were mainly in quoted investments, notably the 21 per cent stake in Pritchard worth £10.4m at yesterday's close and the 15.7 per cent position in Hawley, worth £2.9m. On the other hand, Hawley's balance sheet excluded large amounts of goodwill written off on acquisitions.

The bid, announced last week, is effectively on the basis of one Hawley share for each Provincial share. However, Hawley is undergoing a capital reorganisation which, if approved, would result in the offer actually being three new Hawley shares for five Provincial shares.

Mr. Ashcroft said the enlarged company could contemplate much larger acquisitions, particularly if it were to sell its quoted securities. He said the company would like another leisure division, possibly in a different business from those in which Hawley is already active.

Mr. Ashcroft has taken no salary from Hawley or Provincial since he joined them but now has a service contract and will be paid £49,500 a year.

LONDON TRADED OPTIONS

(Total contracts 529)

Option	Ex'rcise price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP	360	22	1	46	—	58	—	380p
BP	390	4	—	23	23	36	1	"
BP	420	½	—	13	2	24	—	"
Cons. Gold	460	11	—	45	1	62	—	466p
Cons. Gold	500	—	—	26	—	37	2	"
Cons. Gold	550	—	—	12	10	20	—	"
Courtaulds	50	20	10	21½	—	24	—	69p
Courtaulds	60	10	5	12½	1	15½	—	"
Courtaulds	70	2½	—	6½	55	10	7	"
GEC	600	75	—	93	—	113	10	673p
GEC	650	25	4	53	2	75	—	"
GEC	700	4	—	23	—	43	4	"
Grand Met.	140	56	2	62	—	66	—	195p
Grand Met.	180	16	—	25	1	28	—	"
Grand Met.	200	2⅛	—	13	9	17	7	"
ICI	220	46	—	56	—	64	3	266p
ICI	240	26	1	38	—	48	—	"
ICI	260	9	16	24	—	32	—	"
ICI	280	2	—	14	4	20	—	"
ICI	300	½	—	6	—	12	1	"
Land Sec.	390	23	2	38	—	56	—	410p
Land Sec.	420	4	—	21	5	38	—	"
Land Sec.	460	½	—	7	—	20	5	"
Marks & Sp.	110	16	3	20	6	27	—	125p
Marks & Sp.	120	6½	14	14	4	18	—	"
Marks & Sp.	130	2	1	7	10	12	1	"
Shell	360	8	—	32	1	44	—	362p
Shell	390	1	—	16	1	28	1	"
Shell	420	¼	—	5	4	15	1	"
Totals			59		139		43	
		May		August		November		
Imperial Gp.	80	11½	—	4	—	5	2	74p
Lasmo	350	30	20	60	13	80	—	"
Lasmo	100	3	—	7½	37	10	5	92p
Lonrho	130	27½	2	31½	5	36	—	157p
P. & O.	140	17½	16	24	20	29	—	"
P. & O.	160	6½	—	12	90	15½	—	"
P. & O.	330	45	13	60	—	73	—	371p
Racal Elec.	360	22	5	40	—	53	—	"
Racal Elec.	390	6	34	22	—	36	—	"
Racal Elec.	420	—	—	65	2	80	—	463p
RTZ	454	26	4	—	—	—	—	"
RTZ	490	7	9	—	—	—	—	"
RTZ	500	—	—	27	10	42	—	"
RTZ	300	70	2	95	—	115	—	364p
Totals			104		177		7	

Inco sees first quarter earnings fall to $27m

BY KENNETH MARSTON, MINING EDITOR

CANADA's Inco nickel giant continues to find the going tough—earlier this year the company saw little hope of much improvement before the second half of this year—and announces a fall in the first quarter earnings to U.S.$26.9m (£12.4m), equal to 28 cents per share.

This compares with $36.9m in the final quarter of 1980 and $97.5m in the first quarter of that year. Helped by the offer of nickel price discounts, nickel sales in the past quarter improved to 93m lbs from 80m lbs in the previous three months, but unsold stocks rose further to 162m lbs compared with 155m lbs at end-1980.

The fall in earnings for the past quarter from the levels of the previous three months reflected lower sales of alloy products and lower prices for metals which include copper, platinum group metals, gold, silver and cobalt in addition to nickel. Total net sales of all products fell in the past quarter to $717m from $805m.

The Indonesian and Guatemalan divisions (the latter is to remain closed down this year) incurred an operating loss of $8m compared with a loss of $10m in the fourth quarter of 1980.

Also still losing money was the ElectroEnergy battery subsidiary which increased its operating loss in the past quarter to $12m from $9m in the previous three months, mainly because of the poor sales of car batteries.

Despite all this gloom, Inco with its big stocks of metal and huge reserves of ore is well placed to take advantage of the eventual recovery in demand for nickel and the higher prices that should eventuate for copper and precious metals. In the meantime the company is maintaining its quarterly dividend rate with a further declaration of 18 cents.

Murchison makes a profit

SOUTH AFRICA'S antimony and gold-producing Consolidated Murchison has managed to pull out of the red in the March quarter with a net profit of R788,000 (£448,700) compared with a loss in the previous three months of R1m.

Murchison's sales of antimony concentrates and cobbed ore were boosted to 3,294 tonnes from 1,368 tonnes in the December quarater. Although this clearly shows a long-awaited improvement in the depressed market for antimony, the extent of the pick-up may not be as much as is indicated by the company's sales which appear to have been partly influenced by special factors.

Another intriguing aspect of the March quarterly reports of the Anglo-Transvaal group mines is the sharp fall in profits of the copper-zinc producing Prieska. This has occurred despite a 56 per cent increase in despatches of copper concentrates and a smaller rise in those of zinc concentrates; the despatches greatly exceeded production in the period.

On the face of it, the extent of the fall in the respective metal prices obtaining during the quarter coupled with a probable rise in unit costs does not fully explain why Prieska's profits make such a poor showing. Presumably pricing policy comes into the picture, but the quarterly report raises more questions than it answers.

More informative are the group's gold mining quarterly reports. In line with the general trend, earnings have reflected the lower gold prices received and, as a marginal producer, Loraine has been additionally affected by lower production.

As a result, the mine made a working loss on gold and uranium operations in the March quarter. It thus had to turn to state assistance in order to show a net profit of R777,000 compared with R2.73m in the previous three months.

Hartebeest has managed reasonably well in the past quarter despite a rather lower than average gold price received of about $498 per ounce compared with $575 in the previous three months. The mine is to conserve cash resources by suspending the build-up of uranium stocks.

The group's net profits for the past quarter are compared below.

	Mar. qtr. R000	Dec. qtr. R000	Sept. qtr. R000
Hartebeestfontein	31,181	35,359	39,663
Loraine	*777	2,732	5,631
Consd Murchison	788	†1,019	†1,002
Prieska	3,168	3,959	1,653
East Transvaal	1,961	2,560	2,640
Village Main	311	341	851

† Loss. * After receipt of State assistance.

Dispute over diamond values at Ashton

TWO MEMBERS of the Ashton diamond joint venture yesterday issued conflicting valuations of diamonds recovered from the prospect, in Western Australia.

There has been a long-standing conflict between the Ashton leader CRA, the Rio Tinto-Zinc group's 61.1 per cent-owned Australian arm, and Northern Mining over estimates of the venture's potential, but this is the first time it has boiled over into public differences over the assessment of the stones, reports our Sydney correspondent.

In its latest quarterly report, CRA, which has a 56.8 per cent stake in the venture, downgraded its previous valuation of diamonds from the Upper Smoke Creek alluvial deposits. The company also produced a low initial valuation of the first batch of stones from the AK1 pipe, which is thought to be crucial to the venture.

At the same time, Northern Mining, which holds 5 per cent, produced its own figures, showing valuations up to 44 per cent higher on some of the alluvial diamonds and a full 64 per cent higher for the pipe diamonds.

Northern said yesterday that its separate report was issued to give an alternative value to the stones, rather than to illustrate any disagreement with the main CRA report, but the company has been known to be restive at CRA's cautious statements on Ashton for some time.

CRA said that its own valuations had been prepared by an internationally recognised valuer to the criteria of De Beers' Central Selling Organisation, which handles some 80 per cent of the world's rough diamond sales.

A bulk sample of the alluvial stones was sent to Europe for further appraisals, which included a formal valuation by the CSO. The figures this produced were apparently close to those from CRA's valuer in Australia.

Northern reported that it had been given independent valuations of similar stones, which conflicted with the CSO-basis valuations. CRA commented that the results of other appraisals indicated that "assessed values can vary widely."

CANADIAN ROUND-UP

BP Canada has completed the initial engineering work at its proposed 1m. tonnes a year metallurgical coal mine at Sukunka in north-east British Columbia, close to the recently-announced major developments by Teck Corporation and Denison Mines.

The company warned, however, that the project will be put on a care and maintenance basis if sales contracts are not secured in the near future.

Brinco in big U.S. oil venture

THE oil and gas exploration arm of Canada's Brinco—Brinco Oils of Texas—has entered into a joint venture agreement with Hrubetz Oil of Dallas to explore for oil and gas in the U.S.

Brinco will contribute a minimum U.S.$9m (£4m) over a three-year period to earn a proportionate interest in a $96m programme of exploration and land acquisition. Brinco holds an option to extend its participation for a further two years.

Hrubetz Oil is a privately-owned U.S. oil and gas exploration and development company. Brinco, formerly the Canadian exploration arm of the UK-based Rio Tinto-Zinc group, is approximately 24 per cent owned by RTZ and 50.1 per cent by Olympia and York Developments following a deal last September whereby Olympia acquired major holdings in Brinco from Tinto Holdings, Bethlehem Steel, Marubeni Corporation and Fuji Bank.

EUROPEAN OPTIONS EXCHANGE

Series		May Vol.	May Last	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Stock
GOLD C	$475	2	32	12	55	—	—	$477
GOLD C	$500	19	18	20	40	3	66	"
GOLD C	$525	33	10	57	30	20	50	"
GOLD C	$550	5	5	16	21A	—	—	"
GOLD P	$475	8	14	—	—	—	—	"
GOLD P	$500	3	26	3	33	—	—	"
GOLD P	$525	3	48	—	—	—	—	"
		April		July		Oct.		
ABN C	F.280	10	3	12	7.80B	—	—	F.279.50
AKZO C	F.20	—	—	—	—	10	4.10	F.22.90
AKZO C	F.22.50	65	0.50	40	1.70	—	—	"
AKZO C	F.25	28	0.10	20	0.80	26	1.40	"
AMRO C	F.60	—	—	10	1	—	—	F.56.20
HEIN C	F.55	—	—	12	2.20	10	4.50	F.56
HOOG C	F.15	15	5.10	—	—	—	—	F.19.90
HOOG C	F.20	15	0.60	—	—	10	2.40	"
IBM C	$60	55	6½	—	—	—	—	$59⅞
IBM P	$65	—	—	10	5⅞	—	—	"
KLM C	F.70	—	—	21	46B	—	—	F.115.20
KLM C	F.80	—	—	42	36B	10	34B	"
KLM C	F.90	118	26B	74	26.50B	—	—	"
KLM C	F.100	437	16B	159	20.50	25	22B	"
KLM C	F.110	348	7.50	385	13.10	142	17	"
KLM P	F.70	—	—	20	0.60	—	—	"
KLM P	F.90	20	0.10	32	2.60	—	—	"
KLM P	F.100	28	0.30	60	4A	10	8	"
KLM P	F.110	120	1.50	43	9	28	12	"
NATN C	F.110	10	9.60	—	—	—	—	F.118.70
NATN C	F.115	10	5	—	—	—	—	"
NATN C	F.120	87	1	—	—	—	—	"
NATN C	F.125	—	—	28	3A	—	—	"
NATN P	F.120	25	2	27	3.50B	—	—	"
PETR C	Fr.5000	15	10	—	—	—	—	Fr.4415
PHIL C	F.15	42	5.50	—	—	—	—	F.20.40
PHIL C	F.17.50	32	3	51	3.10	—	—	"
PHIL C	F.20	278	0.60	58	1.40	13	2	"
PHIL C	F.22.50	—	—	235	0.70	179	1.20	"
PHIL P	F.20	210	0.20	130	0.90	80	1.20	"
POLA C	$30	10	0.14	—	—	—	—	$29⅛
RD C	F.85	45	3	—	—	—	—	F.88
RD C	F.90	109	0.70	61	3.50B	—	—	"
RD C	F.95	10	0.20	11	2	—	—	"
RD C	F.100	—	—	37	1.10	—	—	"
RD P	F.85	232	0.40	—	—	—	—	"
RD P	F.90	109	2.50A	21	7	15	8.50	"
RD P	F.95	53	7	11	10	—	—	"
UNIL C	F.140	—	—	14	2.80	—	—	F.138.40
		May		Aug.		Nov.		
SIEM C	DM.260	—	—	50	5.50	—	—	DM256
SLUM C	$110	30	⅝	—	—	—	—	$97¼

TOTAL VOLUME IN CONTRACTS 5003

A=Asked B=Bid C=Call P=Put

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I. J. Dewhirst near to £2m

INCREASED productivity and an improvement in interest receivable more than offset reduced trading margins for I. J. Dewhirst Holdings in the year to January 16, 1981, lifting this clothing *manufacturer's pre-tax profits from £1.67m to £1.94m.*

The directors say sales so far in the current year are ahead of the 1980 level and there is a full production programme at present. They expect higher interest income to continue to counter pressure on margins and enable the group to produce a satisfactory first-half profit. Last year's midway surplus was £911,000.

The dividend is effectively increased from 1.35p to 1.6p net with a final of 1.15p and, as last year, the directors are planning a one-for-three scrip issue.

Sales improved *during the* year from £18.26m to £20.86m and trading profits went ahead to £1.67m (£1.49m) before interest receivable of £271,445 (£174,001).

Earnings, after tax of £403,100 against £218,900, are shown as 8.34p (7.78p) per 10p share. The *directors say the increased tax* charge is due to a slowdown in capital spending, which resulted in cash deposits building up to £2.5m at the year end.

The dividend absorbs £286,374 (£241,628), leaving a profit of £1.21m (£1.15m) to be retained.

On a current cost basis, the pre-tax surplus is reduced to *£1.78m.*

● comment

In an otherwise dull sector Dewhirst's 16.6 per cent rise in pre-tax profits stands out. The shares responded by adding 5p to close at 86p on the back of the 18.5 per cent dividend rise. *Even so the dividend policy* smacks of parsimony with a yield of just under 2.7 per cent and further growth in profits anticipated next year. The company has outperformed the sector helped by its close relationship with M&S, which sells 90 per cent of its output. In addition, with a hefty cash balance the company has benefited from last year's high rates, with interest received almost doubled. In contrast another M&S supplier, Martin, has seen its profits wiped out by interest charges. Sales are running above last year's level but margins remain under *pressure yet Dewhirst appears* confident it has another year of earnings growth ahead boosted by interest received.

Albert Martin losses deepen in second half

CONTRARY TO directors expectations at midway, pre-tax losses of Albert Martin Holdings grew to £858,261 during 1980, more than double the £425,000 deficit reported for the first six *months. For the whole of 1979,* this clothing manufacturer and distributor turned in a profit of £921,791.

The restructuring programme which directors had hoped would lead to a "reasonable improvement" in the second half had been completed by the year end. *The significant cuts in overheads* and 13 per cent reduction in the workforce are proving beneficial in the current year, they now state, but further action will be taken if necessary in the light of trading conditions.

These remain difficult at present and it is not possible to make any forecast *of* the outcome for 1981, they add.

Turnover last year improved from £25.54m to £28.09m. Trading conditions were poor for all UK operations, say the directors, but the difficulties were offset to some extent by the success of the group's expand*ing overseas manufacturing* activities.

The loss was struck after net finance charges of £889,169 against £529,978. Group borrowings were down from £4.21m to £4.15m at the year end, reflecting a reduction in working capital and the sale of some surplus *property.*

Tax took £101,974 (£144,665), minorities £54,699 (£23,179), and after an extraordinary debit this time of £193,967, comprising redundancy and other costs associated with the restructuring programme, the attributable loss emerged at £1.21m, compared with a profit of £753,947.

The loss per 20p share is show as 15.79p (11.73p earnings). The final dividend, like the interim, is omitted—a total of 4.3p net was paid in the previous year.

Net tangible assets available to *shareholders at the end of 1980* amounted to £6.65m, down from £7.88m.

Astbury and Madeley pays 5p

In 1980 pre-tax profits of Astbury and Madeley (Holdings) remained virtually static at £1.22m, compared with £1.21m, but after tax, £152,886 up at £410,263, the net balance emerged £141,825 lower at £813,683.

Sales of the company, a stockholder and distributor of equipment used by engineers and plumbers, slipped over the period from £11.72m to £10.91m.

Stated earnings per 20p share fell back to 15.08p (18.51p).

A final dividend of 4p, as predicted, brings the total up to 5p net (3.25p). The directors forecast at the time of the rights issue a final of 4p if midyear profits were not less than the previous year's £525,000.

Yearlings total £13m.

Yearling bonds totalling £13m at 12¼ per cent redeemable on April 21, 1982 have been issued this week by the following local authorities:

Brent (London Borough of) (£0.5m); *Highland Regional* (£1m); Medina BC (£0.25m); Roxburgh DC (£0.25m); St. Helens Metropolitan BC (£0.5m); Amber Valley DC (£0.75m); Cleveland CC (£1m); Glamorgan (Vale of) BC (£0.25m); Three Rivers DC (£0.25m); Wigan (The Metropolitan Borough of) *(£0.5m); Manchester (City of)* (£1m); Sandwell (Metropolitan Borough of) (£1.5m); Allerdale DC (£0.25m); Bexley (London Borough of) (£1m); Exeter (City of) (£0.5m); South Staffordshire DC (£0.5m); South Yorkshire CC (£0.5m); Cumnock and Doon Valley DC (£0.5m); Dartford BC *(£0.5m)*; Waltham Forest (London Borough of) (£1m); West Yorkshire Passenger Transport Executive (£0.5m).

Sedgefield District Council has issued £0.5m of 17¾ per cent bonds at par for redemption on April 13, 1983.

Marginal fall for Air Call

THE POOR results from courier services offset reasonable performances by the communications and medical deputising divisions of Air Call in 1980, leaving pre-tax profits slightly lower at £627,000 against £686,000.

Some £3m was invested in new equipment during 1980, most of which was not commissioned until the latter part of the year. The directors say the benefits of this are beginning to become apparent and should be reflected in this year's results.

As forecast, the final dividend *is 2.1p* net, making *2.625p (nil).* The directors point out that this pay-out reflects the fact that the group's shares, which are traded on the Unlisted Securities Market, were quoted for only seven and a half months. In a full year they would have expected total dividends of 4.2p.

Turnover improved from £9.77m to £12.18m. After a tax credit of £61,000 (£85,000 debit) and extraordinary debits of £62,000 (£58,000) the retained surplus emerges at £531,000 (£539,000). Earnings per 25p share are shown as 19.6p (20.1p).

The group intends to follow up opportunities for extending the range of medical services provided, say the directors. The communications services division, they add, is in the most exciting growth industry which will inevitably "destroy monopolies and cartels, and spearhead Britain's recovery."

IMI RESULT

Acceptances have been received in respect of 93.4 per cent of the 59.6m new ordinary shares of IMI offered in a two-for-seven rights issue last month.

Berwick Timpo down to £1m

DESPITE A fall in 1980 pre-tax profit from £1.52m to £1.08m Berwick Timpo is maintaining its dividend for the year at 6p net with a same-again final of 4p. Sales for the period were lower at £14.44m, compared with £16.84m.

At mid-year the company, which manufactures and markets toys, incurred a taxable loss of £288,000, against a profit of £414,000.

For the current year Mr. J. D. Oakley, the chairman, warns that orders to date are at a lower level than last year, reflecting uncertainties in the trade and the general economic outlook.

He says it is too soon to predict whether any recovery from the recession will be early enough or strong enough to influence Christmas trading.

Stated earnings per 25p share emerged at 21.1p (25.2p) after a *tax credit of £106,307 (£109,418* charge).

Extraordinary debits amounted to £257,365 (£976,008) leaving an attributable balance of £926,588 (£427,346). CCA profit, after tax and before extraordinary debits, was £731,000.

Mr. Oakley explains that the problems in clearing stocks at the two closed companies contributed to the extraordinary items. However, these have now been cleared at both companies.

● comment

Berwick Timpo has turned in a creditable performance during a *year which most toy manufac*turers would rather forget. After an interim loss on lower sales, earnings in the second half were up on last year on the same turnover. Most of the 30 per cent annual earnings shortfall was due to higher interest charges, up about £308,000 on the year, as borrowings peaked at £4m but fell to £400,000 by this January. Berwick has fared better than most toy companies as its products are at the cheaper end of the market and it sub-contracts a relatively large portion of its manufacturing which gives it added flexibility to respond to changing market conditions. Last year's trading pattern appears likely to be repeated in 1981 with a small interim loss on the cards. But the key to the company's fortunes is Christmas and an increased number of its products have been selected for distribution. The shares at 75p yield 12 per cent.

United Carriers over £5m.

IN LINE with United Carriers' interim prediction of good results, pre-tax profit for the year to January 31, 1981, increased from £4.03m to £5.04m. Turnover was up from £27.3m to £32.61m.

At the half year stage this express carrier made a profit before tax of £2.5m (£2.02m) on turnover of £15.55m (£13.06m).

A final dividend of 2.5p (1.75p adjusted) per 10p share makes a total of 3.5p (2.5p) net.

Tax for the year took £1.47m (£1.34m) and the retained balance emerged at £2.69m (£2.07m). The stated earnings per share came out at 14.4p (11p). Profit on a CCA basis was reduced to £3.6m (£2.78m).

Setback for Wade Potteries

TAXABLE profits of Wade Potteries fell to £217,864 in the six months to January 31, 1981, compared with £470,312, on lower sales of £5.23m against £5.62m.

Mr. A. J. Wade, chairman, says renewed losses at the Govancroft subsidiary were caused by a further decline in demand for flagons from the Scotch whisky industry. Efforts are being made to restore this company's profitability by putting it on a broader basis. He says that while the immediate future is difficult to predict, the board has every *confidence in the longer term.*

The group's other subsidiaries continued to trade profitably despite the effect of the depressed economy on margins.

The surplus this time is struck after investment income but before tax charges of £91,285 (£138,836). Earnings per 10p share are shown as *1.034p* (3.038p) and the interim dividend is maintained at 0.5p. Last year a total of 2p was paid from profits of £1.35m.

Securities Tst. of Scotland

Attributable revenue of Securities Trust of Scotland slipped from £2.08m to £2.06m in the year to March 31, 1981, but the dividend is stepped up from 4.8p to 4.9p net with a final of 3p.

Gross revenue was marginally ahead at £3.95m (£3.9m). Earnings per 25p share are shown as 5.12p (5.2p) and net asset value as 146.4p (107.5p) after prior charges at par and 156.1p (118.3p) at market value.

Cosalt profits slump to £0.3m

A DOWNTURN in profits from all of the divisions has left the taxable surplus of Cosalt well behind from £1.71m to £289,000 for 1980 — a second half loss of £242,000 was suffered against a £580,000 profit. Turnover for the full period slipped from £34.45m to £33.88m.

The dividend, however, is maintained at 3.5p net per 25p share with an unchanged final payment of 2p.

An analysis of turnover and trading profits — £1.56m (£2.9m) — shows: ships' chandlery £15.64m (£17.08m) and £719,000 (£1.92m); caravans £15.91m (£15.43m) and £714,000 (£1.4m); refrigeration and air conditioning £2.09m (£1.74m) and £71,000 (£102,000); finance and aviation £241,000 (£195,000) and £60,000 (£139,000). For 1979 discontinued businesses cost £200,000 and there was an exceptional debit of £455,000.

The major cause of profit reduction in the ships' chandlery division was the lack of throughput in the net, twine and fibre factories, the directors explain; this problem continues.

The caravan side increased its home market share and the group remains confident in its profitable future. The refrigeration and finance sectors did well in the circumstances and continue to do so, the directors state.

Pre-tax figure for the year was struck after interest of £1.26m (£1.14m) and a £15,000 (£55,000) allocation to the employee profit sharing scheme.

Tax for the period was a £611,000 credit (£381,000 charge), and after preference dividends £84,000 (same) and an extraordinary debit of £203,000 (£31,000) the attributable balance came through at £613,000 compared with £1.22m.

Ordinary dividends will absorb £349,000 against £344,000 leaving £264,000 (£874,000) retained. Earnings per share are shown as 8.25p (12.73p) and 3.22p excluding the tax credit.

The year-end date has been changed to August 31 — the current financial period will be for eight months.

● comment

Cosalt's first half was a considerable setback, but it at least generated a pre-tax profit of over £0.5m. The second six months were rather worse: trading profits fell by more than 70 per cent and although interest charges were also 20 per cent lower, they still sufficed to bring about a pre-tax loss of £0.24m for the half. All the Scottish chandlery and fibre manufacturing operations have now been concentrated in a single factory, while caravan production has been brought back to full-time working after a factory closure and redundancy. Although there is modest confidence that last summer's over capacity in the caravan industry will not be repeated, and the group is now trading in the black, it seems unlikely that profitability will fully recover in the present, truncated, year. Still, working capital has been controlled, and borrowings are now down to about 50 per cent of shareholders' funds. Faithful shareholders have been rewarded by a maintained but uncovered dividend, yielding 14.3 per cent on yesterday's price of 37p (up 3p).

U.S. BANKING RESULTS

Reverse in first quarter for Chase

BY PAUL BETTS IN NEW YORK

CHASE MANHATTAN, the country's third largest bank in terms of assets, reported yesterday a 17 per cent decline in first quarter income, before securities transaction, to $73.5m from $88.1m in the same period last year.

In contrast, Continental Illinois and Bankers Trust New York reported higher earnings.

This is the first time in several years that Chase has suffered a decline in quarterly income on a year-on-year basis. The disappointing first quarter results, however, were in line with general expectations and reflect the increase in operating costs which was only partially offset by improvements in net *interest income and other* operating income.

Chase said yesterday its average total assets were $73.2bn, up from $63.8bn last year. Net income for the first quarter totalled $71.1m compared with $86.5m last year.

Net interest income before taxes increased 3 per cent to $417m, while other operating income was up $24.5m to $171.8m.

The bank also said that first quarter income last year included a gain of $8m after taxes for the sale of Chase's minority interest in a Venezuelan bank.

Bankers Trust, another large New York bank, turned in an 8 per cent increase in first quarter income, before securities transactions, of $40.8m compared with $37.3m in the same period last year. The 1980 *figures did not reflect a $6.5m* gain from the sale of 16 branch offices. The bank's first quarter net income totalled $40.6m compared with $37.4m the year before.

*The bank said that contribut*ing to the earnings results were a gain of $10.8m, or $6m after tax, from the redemption and sale of securities obtained through loan workouts, a lower tax provision and an increase in securities trading profits. These amounted to $15.3m, the third highest quarterly securities trading profits in the bank's history.

Continental Illinois, parent of Continental Illinois National Bank and Trust, reported an operating net of $62.1m or $1.57 a share for the first quarter, compared with $47.7m *or $1.21 a share a year ago.* Net interest income was 18 per cent up at $214.7m.

Californian S & L merger called off

By Ian Hargreaves in New York

A MERGER which would have created the largest savings and loan association in the U.S. has been called off, at least temporarily, because of conditions imposed by the Government of the State of California.

The proposed combination between Great Western Financial and Financial Federation would have created an institution with assets of $12bn, but the state government said the merger could only proceed if the combined company agreed to make at least $1.25bn of loans in poorer areas.

There were also other conditions, which Mr. James Montgomery, chairman of Great Western, said were unacceptable. He said the association, which is the equivalent of a British building society, was committed to lending in deprived areas, but would not accept government quotas.

U.S. savings and loan associations, just like British *building societies, are often* accused by politicians and community groups of refusing to finance house purchases in inner urban areas, thereby, the critics say, accelerating urban decline.

The two associations are now examining the possibility of obtaining operating charters from the Federal Government, rather than from California. They believe that federal regulators would permit the merger without such onerous conditions.

At the same time Financial Federation yesterday announced a net loss of *$4.8m in the first quarter* of this year compared with the $3.4m profit in the corresponding period last year. Revenues were down from $58.8m to $57.2m. Great Western last week reported a drop in quarterly profits from $13.5m to $841,000.

Philip Morris opens year with further steady growth

BY OUR FINANCIAL STAFF

FURTHER GAINS in sales and earnings were announced yesterday by Philip Morris, second largest cigarette manufacturer in the U.S., with the Marlboro and Benson & Hedges brand names in its stable. The directors comment that Lifo accounting was introduced during the final quarter of 1980 and that previous figures have been adjusted accordingly.

Earnings gained 22.4 per cent to $150.1m or $1.20 a share in the opening quarter, maintaining the pace of 1980. But sales, 11.5 per cent higher at $2.51bn show signs of slower growth.

In 1980, the company earned $4.08 a share, a gain of 25 per cent, and Wall Street analysts have forecast a further rise to around $4.80 a share in the current year. Further gains are likely in the U.S. domestic market for cigarettes of which Morris at present has a 29 per cent market share. Morris also hopes for further progress in foreign markets, where it has increased its stake substantially in recent years to its present 6 per cent overall share.

A further source of strength is the Miller Brewing subsidiary whose light beers have about one fifth of the U.S. market.

The slightly slower sales growth at Morris—in 1980 sales put on 25 per cent—comes at a time when competition in the world cigarette market is clearly hotting up. Two weeks ago, R. J. Reynolds, the biggest of the U.S. tobacco giant sdisclosed that it was holding "exploratory talks" with the Rothmans cigarette empire—although the precise purpose of of the talks has not yet been divulged.

Philip Morris is known to be anxious to extend its international cigarette operations, and several years ago bought the foreign cigarette interests of Liggett, which was later acquired by Grand Metropolitan, the UK hotel and brewing group.

American Airlines in the black

By Our Financial Staff

AFTER ALMOST $27m of non-trading gains, American Airlines returned to profit in the first quarter of the current year.

For the quarter American, a major U.S. transcontinental carrier, posted a net profit of $3.88m compared with the loss of $41.89m in the corresponding period of 1980.

After stripping out the non-*trading gains the group still has* produced a considerable improvement on the 1980 first quarter and on the $61.5m loss posted for the final three months of 1980. Despite the return to profit there was no sign of a return to dividends, which were omitted after the heavy first quarter loss last year.

Revenues for the quarter were ahead from $871m to $952.5m and earnings per share were 3 cents *against a $1.56 a share* loss.

The net profit included a $7.1m gain from the sale of land, a $19m profit from the sale of a hotel interest and a carried forward tax loss of $659,000. In the 1980 quarter there was a $3.1m gain from the repurchase of debentures.

GTE operating profit up 14%

BY OUR NEW YORK STAFF

GENERAL TELEPHONE and Electronics Corporation (GTE), the U.S. communications group, has reported a 14 per cent increase in net operating earnings to $164.2m in its first quarter.

However, on a net earnings basis, the first quarter result, at $162.4m, was sharply up on the same period last year when the company reported profits of $65.1m, which included an $86.8m provision as a result of GTE's withdrawal from the consumer electronics business.

First quarter revenues totalled $2.57bn compared with $2.37bn in the same period the year before.

Mr. Theodore Brophy, the chairman of GTE, which operates the second largest U.S. telephone network, said the company's performance continued to improve as a result of the strong performance of its telephone companies. In the first quarter, telephone revenues increased 13 per cent to $1.6bn, while income increased 26 per cent to $162.3m.

Mr. Brophy said these gains reflected substantial increases in rates received by GTE telephone companies, as well as cost reduction and productivity improve*ment programmes.*

Sales of GTE electrical products declined in the first quarter from $467.7m in the first quarter of 1980 to $455.1m.

But sales for GTE Telenet, which provides data transmission and private communications systems and services, increased 47 per cent to $37.2m. However, the division incurred a net loss of $6.3m, reflecting a *programme by GTE Telenet for* marketing and product development in these rapidly expanding markets.

United Technologies up sharply

BY IAN HARGREAVES IN NEW YORK

UNITED TECHNOLOGIES, the U.S. conglomerate which has interests including aero engines and helicopters, enjoyed a sharp improvement in first quarter sales and earnings, mainly because of an increase in *defence business.*

The company posted net earnings of $107.1m in the quarter, up 16 per cent from the $92m of 1980. Sales were up 15 per cent at $3.3bn while the backlog *of orders remained* stable at $11.3bn, compared with $11.2bn.

Mr. Harry Gray, the chairman, said that the company, the third largest defence contractor in the U.S., had Government sales of $923m in the quarter, a 65 per cent gain over the $558.8m in the first quarter *of 1980.*

Commercial and industrial sales declined in real terms, growing only by 3 per cent from $2.3bn to $2.4bn.

UT's interests include Pratt and Whitney, the jet engine company.

• Northrop Corporation, the U.S. military aircraft group, has reported almost unchanged earnings for its first quarter. Net profits were $23.1m, or $1.62 a share, against $22.9m, or $1.61, on sales ahead to $435.2m from $379.6m.

The company said that improved performance on several programmes and significantly higher interest income offset increased development costs on the F-5G fighter, *which were $14m higher than* those in the first quarter a year ago.

World Bank bond falls short of full subscription

BY OUR EUROMARKETS STAFF

A SwFr 100m nine-year public issue for the World Bank was undersubscribed, Swiss Bank Corporation, the lead manager, said. This is the second time a Swiss franc issue for the World Bank has been unsuccessful this year.

The bonds fell to a discount of ½ per cent on the first day of trading in the secondary market.

Rising interest rates throughout the subscription period had made investors hesitant to commit funds to the issue, which pays a coupon of 7 per cent. Prices on the Swiss franc bond secondary market fell by around ¼ of a point, although dealers said that there was minimal trading ahead of the long weekend.

Merrill Lynch Overseas Capital NV last night launched a $100m six-year floating rate note. The interest rate will be at ¼ per cent over three-month *London inter-bank* offered rate and the notes will be offered at 99¾ per cent. Investors will be able to redeem the notes at 99¾ per cent after three years, or at par at maturity.

In the D-Mark sector, Westdeutsche Landesbank has postponed the expected DM 100m issue for Norges Kommunalbank. A decision on whether to proceed with it should be taken today. The borrower is reluctant to pay the double-figure coupon which the market would at present demand.

The D-Mark secondary market was very quiet ahead of the long weekend and prices showed virtually no change on the day.

Pyhrn Autobahn, the Austrian motorway company, is to tap the Swiss franc sector for SwFr 70m with a 10-year public issue through Swiss Bank Corporation. The coupon is expected to be 7 per cent and the price is indicated at par. The issue carries the guarantee *of Austria.*

Mexican petrobond expected

By William Chislett in Mexico City

MEXICO IS expected to launch a new issue of oil-backed petrobonds on April 29. The issue will be for 5bn pesos ($217.3m) with a three year term.

Investors will receive a fixed annual net return of 10 per cent, with a lump sum at the end of the period, based on the appreciation in the export price of Mexican oil.

This sum will be free of capital gains tax, as there is no such tax on operations traded by individuals on the Mexican stock exchange.

Mexico's petrobonds, which have been issued by Nacional Financiera, the State development bank, since 1977, are available to Mexicans and non-Mexicans.

The new series is expected to be issued at a par value of 1,000 pesos for each Petrobond and the oil backing for each *bond is likely to be 1.09 barrels.*

Bendix turns in strong performance

By Our New York Staff

BENDIX, THE Detroit-based industrial group which recently completed an extensive programme of divestitures aimed at *positioning itself in higher tech*nology sectors of the car and aerospace businesses, yesterday reported strong gains in profits for its second quarter.

Bendix earned $50.7m from continuing operations in the January-March quarter, compared with $36.1m in 1980. Sales rose by 23 per cent to $1.2bn.

At the net level, taking account of income from sales of Bendix's forest products business and part of its stake in Asarco, the company earned $268.1m, up from $50.2m.

For the first six months, net income was $311.5m on sales of $2.25bn, compared with profits of $91.4m on sales of $1.8bn a year earlier.

Mr. William Agee, chairman, said the improved performance reflected the contribution of Warner and Swasey, the industrial equipment group which Bendix bought last year, and better performances in the automotive and aerospace-electronics businesses.

The company is also enjoying a windfall from interest income *on the cash raised by its asset* sales. Short term investments of these funds accounted for 40 per cent of the increase in operating progts in the quarter, Mr. Agee said.

Weakness in housing and cars hurts PPG earnings

BY OUR FINANCIAL STAFF

WEAKNESS IN two of its major markets—cars and housing—has hurt earnings at PPG Industries in the opening quarter of this year. It expects moderate improvements during the second quarter in those sectors of the economy involving the company, and adds that the second half of the year should see "additional strengthening."

Earnings slipped in the first quarter from $54.7m to $52.5m, or $1.57 a share, on sales of $809.4m against $797.4m. For the whole of 1980, Pittsburgh-based PPG earned $6.34 a share, compared with $6.78 in the previous year.

The glass division, which earns more than one-third of total profit, continued to capitalise on the strong commercial construction market, say the directors. Glass exports and foreign glass operations were also strong, despite signs of downturns in European economies. About one-fifth of group earnings come from overseas.

The group's agricultural chemicals business saw continued high demand for potash for fertiliser. Volume was weak for most industrial chemicals.

UA Theatre offer for UA-Columbia

By Our New York Staff

UNITED ARTISTS Theatre Circuit yesterday revealed its strategy for heading off a $247m takeover bid by Dow Jones and *Knight Ridder for UA-Columbia* Cablevision, the cable TV company of which U.S. Theatres owns 27.6 per cent.

UA Theatre, which is not directly connected with United Artists, offered to pay $85 a share for 725,000 shares of UA-Columbia. If executed, this offer would be worth $61.6m and would give UA Theatre a 49.6 per cent stake in UA-Columbia.

Montgomery Ward defers closures plan

By Our New York Staff

MONTGOMERY WARD, the troubled retail store chain owned by Mobil Oil, the second largest U.S. oil group, is postponing indefinitely a plan to close down or convert to discount units 114 of its *360 stores.*

The old management of the retail company had decided to shut down or convert about a third of the group's retail stores as part of a broad recovery plan for the ailing Mobil Oil subsidiary.

The decision to postpone the closures was made by Mr. Stephen Ristner, who was appointed as the new president of Mobil Oil at the beginning of last month.

Mobil Oil has lent the retail group $355m since last July on an interest-free basis to help finance the company's recovery programme. The *Mobil Oil subsidiary* last year lost $163m.

The decision to halt the original recovery programme is now fuelling speculation that Mobil Oil may be considering selling the entire subsidiary at some later stage. For some time, there have been rumours that Mobil was considering abandoning the retail stores busines.

Early setback for Union Pacific

BY OUR FINANCIAL STAFF

EARNINGS have fallen back sharply in the first quarter at Union Pacific, the railroad company which now earns nearly half it profits from oil and gas operations. The board attributes the setback to "an exceptionally high quarter" a year ago and to higher refinery feedstock costs.

A drop of 24 per cent in *earnings* brought the first quarter total down to $77.6m, or 81 cents a share, although revenues, at $1.51bn, showed a 20 per cent gain.

Union Pacific operates 9,500 miles of rail track, extending from the Midwest to the West Coast. It has to wait until 1983 for final regulatory decisions on plans to merge with Missouri Pacific.

Mr. James H. Evans, the chairman, reaffirmed the board's commitment to the largest capital investment programme in the company's history, $1.2bn, *of which $683m is earmarked* for oil and gas exploration and production. "Although many uncertainties cloud the economic horizon," he said "we still expect that 1981 will be a good *year for Union Pacific.*"

Mr. Evans said Union Pacific's railroad was shipping record quantities of grain and coal, which should offset softness in consumer-related traffic.

The company expected the squeeze on refinery margins to continue for an indefinite period, he said. However, higher profits from exploration and production operations of its *Champlin Petroleum subsidiary* should overcome the negative impact of refinery operations.

For the full year, analysts on Wall Street have predicted that earnings could rise to $5.73 a share, reflecting the continued strength of the grain and coal hauling business. In the past, haulage of these commodities has represented about one-quarter of the group's total freight revenues.

Champlin Petroleum, a fully integrated oil and gas company, operates three refineries and has a 38 per cent stake in a major *petrochemical project at Corpus* Christi, Texas.

Union Pacific raised its dividend last year from 35 cents to 40 cents a share.

Lower tax aids Borden

By Our Financial Staff

*BORDEN, the food and chem*icals group, has reported a slight improvement in net profits from $30.6m to $32.2m, reflecting a reduced tax charge because of increased investment tax credits.

Sales were lower at $1.05bn against $1.07bn while diluted earnings per share came out at $1.05 against 94 cents.

ZALES JEWELLERS

Our report on March 28 that Zales Jewellers was to take a majority in Keller-Christ of *West Germany inadvertently* suggested that the transaction would give Zales its first retail foothold in Europe. The group has long-established retail interests in Britain.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Wednesday, May 13.

Closing prices on April 15

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amer. Air 15¾ 86 (WW)	55	99⅞	100⅛	0	0	15.28
Amoco 13¾ 88	75	94¾	94¾	0	−0⅞	14.54
CIBC 14½ 84	185	99¾	99¾	0	−0⅛	14.70
CNE 12⅜ 91	100	90½	91	−0⅜	−1½	14.55
Citicorp O/S Fin. 10 86	300	83⅞	84⅛	−0½	−1⅛	14.56
Citicorp O/S Fin. 12 87	200	89⅞	90⅛	0	−1¼	14.42
Con. Illinois O/S 9¾ 86	150	82⅛	82⅝	0	−1⅛	14.80
Dupont Canada 13½ 91	65	94¾	94¾	0	−1⅛	14.59
EEC 11 95 (May)	75	80⅞	81⅛	0	−1	14.20
EEC 11 95 (August)	70	78⅞	79⅜	−0⅛	−0⅛	14.56
EIB 12⅜ 89	75	90⅞	91⅜	0	−0⅛	14.71
Eldorado 13¾ 86	50	94¾	94¾	+0⅛	−1⅛	14.88
Elec. de France 10 88	125	80½	81	+0⅛	−1½	14.44
Elec. de France 13 88	125	93¾	94⅛	+0⅛	−1¼	14.44
Export Dv. Cpn. 9½ 86	150	82⅛	82⅝	+0⅛	−0⅞	14.86
Fed. Bs. D. 12⅛ 85 (N)	50	93⅞	93⅝	−0⅛	−0⅛	14.25
Fin. Exp. Credit 10½ 85	50	85⅞	86⅞	0	−0⅛	15.15
Finland, Rep. of 9⅜ 86	100	81⅞	81⅞	0	−0⅛	15.04
Ford Credit O/S 14⅜ 83	150	98⅜	98⅝	0	−0⅛	15.24
Ford Cr. O/S Fin. 16 84	150	102⅛	102⅝	0	−0⅛	14.79
Gaz de France 13⅛ 86	80	97	97½	+0⅛	−0⅞	14.29
GMAC O/S Fin. 12 87	100	88⅞	88⅞	+0⅛	−1	14.87
GMAC O/S Fin. 12⅞ 88	100	90⅞	91⅛	0	−0⅞	15.04
Gen. Mtrs. O/S 11⅛ 87	100	87⅞	87⅞	−0⅛	−1⅛	14.79
Genstar 14⅜ 91	50	97⅜	97⅞	+0⅛	−0⅛	15.28
GTE Fin. 13⅜ 86 (WW)	50	97⅛	97⅝	−0⅛	−1	14.46
Hudson's Bay 11½ 90	75	83½	84	+0⅛	−1⅞	14.83
IBM Wld. Trade 12½ 88	200	94	94½	−0⅛	−1⅛	13.83
Newfoundland 13½ 90	60	93⅞	94⅜	+0⅛	−1½	14.70
Nova Scotia 10½ 90	50	80⅝	81⅛	0	−0⅞	14.62
OKB 10 85	50	86⅞	87⅜	+0⅛	−0⅛	14.29
Ontario Hydro 13½ 91	100	94⅛	94⅝	+0⅛	−1⅛	14.59
Quebec Hydro 11½ 92	100	82⅝	83⅛	0	−1⅛	14.69
Queb. Hy. 13 91 (WW)	100	90⅞	91⅛	0	−1⅛	14.79
Royleese 11⅛ 85	50	89⅞	90⅜	−0⅞	−0⅛	14.63
SNCF 12⅜ 86	50	94	94½	−0⅛	−1⅛	14.31
SNCF 13 91	75	92⅝	92⅞	0	−1⅛	14.45
Sth. California Ed. 14 87	50	97⅛	97⅝	+0⅛	−0⅛	14.68
Sven Handelsbk. 13¾ 88	45	94⅛	94⅝	0	−1⅛	15.07
Sweden 12⅞ 85	150	92⅛	92⅛	−0½	−1⅛	14.74
Swed. Ex. Credit 12 83	50	94⅛	94⅜	+0⅛	−0⅛	14.65
Swed. Ex. Credit 13 86	75	93⅛	93⅝	0	−1⅛	15.12
Tribune O/S Fin. 14 86	50	96⅞	97⅛	0	−1⅛	14.84
World Bank 9⅜ 85	200	86⅛	86⅝	−0⅛	−0⅛	14.28
World Bank 10⅜ 87	300	83⅞	83⅞	−0½	−1½	14.44

Average price changes... On day 0 on week −1

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8⅞ 90	100	90⅛	90⅝	0	−0⅛	9.95
Australia 8½ 90	250	94⅜	95⅛	−0⅛	0	8.96
Austria, Rep. of 8¾ 92	150	89	89⅛	−0⅛	−0⅛	9.82
CECA 7⅞ 92	150	87⅜	88⅛	0	+0⅛	9.69
CECA 10 91	120	102⅛	103	0	−0⅛	9.57
CII-Honeywell 6⅞ 90	125	90⅝	91½	−0⅛	+0⅛	9.86
EIB 8½ 90	200	91⅝	92⅛	0	−0⅛	9.82
EIB 10½ 91	200	101⅞	102½	+0⅛	−0⅛	10.15
ESCOM 9⅜ 87	100	94	94⅛	0	−0⅛	10.45
Iberduero SA 9 90	100	94⅞	95⅛	+0⅛	+1⅛	9.87
Ind. Bk. Finland 8½ 90	50	90	90⅝	0	+0⅛	10.10
Int.-Amr. Dv. Bk. 10 91	100	99⅞	100⅛	+0⅛	−0⅛	9.99
Japan Air Lines 8⅞ 87	100	92⅞	93⅛	+0⅛	0	9.53
Japan Dev. Bank 7⅞ 87	100	90⅛	90⅝	+0⅛	+0⅛	9.57
Kobe, City of 8 90	100	90⅞	91⅛	0	−0⅛	9.54
Midland Int. Fin. 8½ 90	150	92½	93⅛	+0⅛	0	9.66
Nuclobras 9⅛ 88	100	90⅛	91⅛	+2	+1⅛	11.65
OKB 8¾ 92	150	88⅛	88⅝	0	−0⅛	9.95
Oslo, City of 8⅞ 90	80	95⅛	95⅞	−0⅛	0	9.52
Venezuela, R. of 9⅞ 90	150	94⅞	95⅜	+0⅛	+0⅛	10.59
World Bank 8 90	700	88⅜	88⅞	+0⅛	−0⅛	9.94
World Bank 10 88	150	101⅛	102⅛	0	−0⅛	9.48
World Bank 10 90	200	101⅛	101⅞	0	−0⅛	9.74

Average price changes... On day +0⅛ on week −0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Austria, Rep. of 5½ 90	100	91	91⅛	+1⅛	−1⅛	6.68
BFCE 6½ 91	100	100⅛	100⅝	−0⅛	−0⅛	6.43
Bayer Int. Fin. 5¾ 92	100	91⅛	91½	+0⅛	−0⅞	6.33
Bergen, City of 6 90	50	†95	95½	+0⅛	−1⅛	6.71
Buhrm'-Tetterode 7 90	40	100⅛	100½	−0⅛	−1⅛	6.90
Copenhagen Tele 5¾ 90	60	†90	90½	−0½	−1⅛	7.20
Denmark 5⅜ 90	80	89	89½	−0⅛	−1⅛	7.39
Dome Petroleum 5¾ 91	100	94⅛	94½	−0½	−1⅛	6.54
Elec de France 5⅞ 90	100	†91	92	+0⅛	−1⅛	6.48
Eurofima 5⅜ 92	80	†97½	98½	−1	−1⅛	5.99
F. G. H. Hypo. Bk. 6 90	50	†94	94½	0	−2	6.86
Finland, Rep. of 5¾ 90	80	†89	90	+0⅛	−1⅛	7.20
Int.-Amer Dev. 7 90	80	100	100⅛	−0⅛	0	6.98
Japan Dev. Bank 5⅞ 90	100	94½	94½	−0⅛	−0⅛	6.52
Jutland Tele. 5½ 90	50	88	88⅛	−2⅛	−2⅛	7.37
Mt. Blanc Tunnel 5½ 90	60	†92	92½	0	−0⅛	6.63
Newag 5¾ 90	50	94⅛	94½	+0⅛	−1⅛	6.58
Norges Komm. 4¾ 91	100	84	84⅛	+0⅛	−0⅛	6.60
OKB 6 90	100	94⅛	94½	−0⅛	−1	6.86
Oslo, City of 4¾ 91	100	79½	80	−0⅛	−1⅛	7.18
Oslo, City of 5½ 90	80	†92	92½	−0⅛	−0⅞	7.01
Philips Lamps 5⅜ 92	100	90	90⅛	0	−1⅛	6.51
Sekisui Pra. Hms. 6 90	80	96⅛	96⅞	+0⅛	+0⅛	6.61
Trade Dev. Fin. 6⅛ 90	50	94	94½	+0⅛	−1	6.99
Voest-Alpine 5⅜ 90	80	90	90⅛	−2⅛	−2⅛	7.22
World Bank 6 91	100	93½	93⅞	−0⅛	−0⅛	6.91

Average price changes... On day −0⅛ on week −1⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	93⅛	94⅛	0	+0⅛	8.45
Australia 6½ 88	20	87⅛	88⅛	0	+0⅛	8.92
EIB 7⅛ 89	12	93½	94½	0	0	8.78
Finland 5.6 83	10	92⅛	93⅛	0	+0⅛	8.69
Finland 6.8 88	10	87⅛	88⅛	0	0	9.17
Finland, Rep. of 8⅛ 87	15	98½	99½	−0⅛	+0⅛	8.58

Average price changes... On day 0 on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10⅜ 86 C$	60	90	90⅛	−0⅛	−0⅛	13.29
CIBC 13½ 85 C$	50	96½	97⅛	0	−0⅛	14.54
CIBC 11⅛ 85 C$	60	90	90⅛	0	−0⅛	14.65
Federal Dev. 11⅛ 90 C$	60	†88⅛	84⅛	+0⅛	−1⅛	14.69
Fst. Can. Inv. 10 86 C$	50	†86⅛	87⅛	0	−1⅛	15.48
R. Bk. Canada 10 86 C$	40	81½	82½	0	+0⅛	12.19
Tordom Cpn 13¾ 85 C$	30	†86⅛	97	0	−0⅛	14.69
Mt. Bk. Dnmk 8 91 EUA	40	90½	91⅛	0	−0⅛	10.40
SOFTE 8⅛ 89 EUA	40	†85⅛	87	0	+0⅛	10.89
U. Bk. Nrwy 9½ 90 EUA	18	96⅛	98	−0⅛	0	9.95
Algemene Bk 10⅛ 86 Fl	60	96⅞	97⅛	0	+0⅛	11.03
Bk. Mees & H. 10 86 Fl	75	97⅛	97⅛	+0⅛	0	10.72
Heineken NV 10 87 Fl	100	95	95½	0	+0⅛	11.07
Nat. Nedrindn. 10 86 Fl	60	95⅛	96	+0⅛	+0⅛	10.90
Ned. Midd. Bk. 10 85 Fl	75	98	98½	−0⅛	−0⅛	10.48
Pierson 10⅛ 86 Fl	50	97	97½	+0⅛	−0⅛	10.99
Aero Paris 13⅞ 87 FFr	150	93⅞	94⅛	0	−0⅛	14.55
Charb'nages 13⅞ 85 FFr	400	98⅛	99⅛	−0⅛	0	14.20
CECA 14⅛ 86 FFr	150	99⅞	100⅛	−0⅛	−0⅛	14.35
EIB 14⅛ 86 FFr	300	99⅛	99⅝	−0⅛	−0⅛	14.35
Gaz de France 11 84 FFr	150	91⅛	92⅛	−0⅛	−0⅛	14.10
La Redoute 14⅛ 85 FFr	125	95⅛	96⅛	+0⅛	−0⅛	15.69
OKB 14 86 FFr	400	96⅛	99⅛	+0⅛	+0⅛	14.26
Solvay et Cie 14⅛ 86 FFr	200	102⅛	103⅛	0	+0⅛	13.95
Utd. Mex. Sts. 14 85 FFr	150	96⅛	97⅛	0	0	14.90
Acona 14 85 £	20	96⅛	96⅛	0	0	15.11
Beneficial 14⅛ 90 £	20	93	93½	−0⅛	0	15.60
BNP 13⅛ 91 £	15	95⅛	96⅛	0	0	14.20
CECA 13½ 88 £	20	96⅛	96⅛	−0⅛	−0⅛	14.27
Citicorp O/S 13½ 90 £	50	95⅛	96⅛	+0⅛	+0⅛	14.24
Fin Exp Cred 13⅛ 86 £	15	97⅛	98⅛	−0⅛	+0⅛	14.37
Gen. Elec. Co. 12⅛ 89 £	50	93⅛	94⅛	0	+0⅛	13.83
Hiram-Walker 14⅛ 86 £	25	97⅛	98⅛	−0	−0⅛	14.89
Privatbanken 14⅛ 88 £	12	96⅛	97⅛	−0⅛	0	15.26
Rothschild 14⅛ 90 £	12	97	97½	−0⅛	−0⅛	14.77
Royal Trustco 14 86 £	12	98⅛	99⅛	0	+0⅛	14.23
Swed. Ex. Cr. 13⅛ 86 £	20	97⅛	98	0	−0⅛	14.40
Banobras 8⅛ 90 KD	7	†91½	92	0	0	9.68
CCCE 8⅛ 91 KD	10	†83⅛	84⅛	0	+1⅛	10.83
Sonatrach 8½ 90 KD	12	†94⅛	95⅛	0	+0⅛	9.35
Akzo 9⅛ 87 LuxFr	500	86	87	+1	+3	12.35
Euratom 9⅛ 88 LuxFr	500	88⅛	89⅛	+1⅛	+2⅛	12.28
Eurofima 10½ 87 LuxFr	500	91⅛	92⅛	+0⅛	+3⅛	12.29
EIB 9⅛ 88 LuxFr	600	90	91	+0⅛	+3	11.85
Volvo 9⅛ 87 LuxFr	500	85⅛	86⅛	−0⅛	+2⅛	13.06

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bank 5⅛ 87	0⅛	98⅛	99⅛	2/7	16⅛	16.79
Bank of Montreal 5⅛ 90	0⅛	99⅛	99⅛	18/6	19⅛	19.80
Bank of Tokyo 5⅛ 89	‡0⅛	98⅛	99⅛	25/4	19.31	19.51
BBL Int. 5 86	0⅛	99	99⅛	20/5	16⅛	16.62
Bergen Bk. A/S 6 89	‡0⅛	98⅛	99⅛	29/5	17⅛	17.28
BNP 5½ 88	‡0⅛	99⅛	99⅛	29/4	18.69	18.81
CNT 5⅛ 86	§0⅛	99⅛	99⅛	16/4	13⅛	13.30
Christiania Bk. 5½ 91	‡0⅛	97⅛	98⅛	5/5	17⅛	18.14
Citicorp O/S F. 84	‡0	98⅛	99⅛	30/4	15.44	15.57
C. Itoh 5⅛ 87	0⅛	98⅛	99⅛	18/9	15.44	15.59
Co-operatreve Bk. 6 86	0⅛	97⅛	98⅛	15/5	15⅛	15.58
Den Norske Credit 6 90	‡0⅛	98⅛	99⅛	5/5	17⅛	18.02
Genfinance 5⅛ 87	0⅛	99⅛	99⅛	30/4	16⅛	16.22
Giro und Bank 5⅛ 91	0⅛	97½	98	23/6	14.06	14.39
GZB 5⅛ 89	‡0⅛	98⅛	99⅛	1/5	17⅛	18.03
Ind. Bank Japan 5⅛ 87	0⅛	99⅛	99⅛	15/4	13.31	13.38
Ind. Bank Japan 5⅛ 88	0⅛	99	99⅛	9/10	16.44	16.56
Lloyds Eurofin 8 90 £	0⅛	96⅞	97⅛	3/7	14½	14.93
Lloyds Eurofin 5⅛ 92	0⅛	98⅛	98⅛	4/6	17⅛	17.53
LTCB Japan 5⅛ 88	0⅛	99⅛	100⅛	13/6	20.18	20.16
Man. Hanov. O/S 5⅛ 94	‡0⅛	98½	99	30/5	17	17.22
Midland Intl. Fin. 5⅛ 92	0⅛	98⅛	98⅛	5/6	17.19	17.45
Nacional Fin. 6⅛ 86	0⅛	99⅛	99⅛	25/7	17⅛	17.62
Nacional Fin. 5½ 88	0⅛	97⅛	98⅛	25/9	14⅛	15.20
Nat. Bk. Canada 5⅛ 88	0⅛	97⅛	98⅛	24/9	5⅛	5.36
Nat. West. 5⅛ 94	§0⅛	97⅛	98⅛	14/10	16.19	16.54
Nat. West. 5⅛ 92	§0⅛	98	98½	23/4	13.69	13.93
Pemex 6 91	0⅛	97⅛	98	8/4	6	6.14
Sparebanken 6 87	0⅛	99⅛	99⅛	19/6	19⅛	19.95
Standard Chart. 5⅛ 90	0⅛	99⅛	99⅛	3/9	17.06	17.15
Svenska Hndlsbk. 5 87	0⅛	99⅛	99⅛	15/7	17.81	17.88

Average price changes... On day 0 on week −0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Bow Valley Inv. 8 95	4/81	23.12	98	99½	−0⅛	30.71
Canon 6⅛ 95	1/81	829	123⅛	124⅛	−2⅛	−2.54
Credit Suisse 4¾ 93	10/79	1278	94	96	+0½	2.64
Digicon Fin. 8½ 95	10/81	29.5	†102½	104	−1⅛	9.25
Ina Overseas 8⅛ 2000	4/81	42	†103	104½	+0⅛	−2.22
Inchcape Ltd. 8 95	2/81	4.56	93	94	+0⅛	1.32
Jaccs 7⅞ 95	11/80	565	129	130	+0⅛	17.36
Kotobukiya Co. 7 96	4/81	619	†100⅛	101⅛	−0⅛	−5.98
Marion Int. Fin. 9 95	12/80	15.5	†84½	86	−0⅛	32.14
Matsushita El. 7½ 95	11/80	590	110½	111⅛	−0⅛	−0.02
MEPC 8⅛ 95	2/81	2.47	98½	100	0	13.94
Niigata Eng. 7½ 96	1/81	327	†104⅛	105⅛	−0⅛	11.72
Nissho-Iwai Co. 8 96	10/80	398	82	83	−0⅛	0.89
Ricoh 6⅛ 95	8/80	604	117⅛	118⅛	−0⅛	1.69
Sumitomo M. Ind. 7 96	2/81	181	126⅛	127⅛	+2⅛	2.20
Swiss Bk. Cpn. 8⅛ 90	9/80	200	80	82	0	18.51
Taylor Woodrow 8⅛ 90	1/81	4.94	104⅛	105⅛	−0⅛	−0.15
Tokyu Land Cpn. 7⅛ 96	4/81	325	†100½	101⅛	−0⅛	0.76
Transco Int. 8⅛ 95	2/81	68	†86½	88	−1⅛	31.12
Tricorp 8⅛ 95	12/80	31.25	†92	93½	−0⅛	26.34
Union Bk. Switz. 5 89	2/80	121.4	78½	80½	−1⅛	−8.90
Fujitsu 5 84 DM	7/79	431.5	147⅛	148⅛	+0⅛	−2.80
Sharp Cpn. 6⅛ 88 DM	9/80	596	154	155	−0⅛	−1.85
Uny Co. 6½ 85 DM	11/79	679.3	108⅛	109⅛	0	2.30

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. *Change on week*=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

AMERICAN QUARTERLIES

ALLEGHENY LUDLUM INDUSTRIES	1981	1980
First quarter	$	$
Revenue	487.3m	241.0m
Net profits	20.78m	15.22m
Net per share	2.27	1.55

AMERICAN HOSPITAL SUPPLY	$	$
First quarter	1981	1980
Revenue	641.3m	552.5m
Net profits	34.3m	27.7m
Net per share	0.83	0.70

BAXTER TRAVENOL	1981	1980
First quarter	$	$
Revenue	347.7m	313.1m
Net profits	33.5m	30.4m
Net per share	*0.96*	*0.89*

CESSNA AIRCRAFT	1980-81	1979-80
Second quarter	$	$
Revenue	253.0m	256.0m
Net profits	14.8m	5.9m
Net per share	0.78	0.31
Six months		
Revenue	504.0m	501.0m
Net profits	28.7m	14.2m
Net per share	1.52	0.76

CPC INTERNATIONAL	1981	1980
First quarter	$	$
Net profits	38.69m	33.43m
Net per share	1.62	1.40

CROUSE-HINDS	1981	1980
First quarter	$	$
Revenue	191.8m	191.2m
Net profits	12.6m	10.24m
Net per share	0.70	0.62

WALT DISNEY	1980-81	1979-80
Second quarter	$	$
Revenue	235.1m	218.1m
Net profits	27.6m	33.0m
Net per share	0.84	1.02
Six months		
Revenue	438.6m	403.6m
Net profits	53.6m	58.7m
Net per share	1.64	1.81

DOVER CORPORATION	1981	1980
First quarter	$	$
Revenue	236m	202m
Net profits	21.37m	18.22m
Net per share	1.19	1.02

EVANS PRODUCTS	1981	1980
First quarer	$	$
Revenue	315.7m	324.4m
Net profits	†8.79m	661,000
Net per share	†0.81	†0.05

† Loss.

FIRST CITY BANCORP OF TEXAS	1981	1980
First quarter	$	$
Net profits	31.57m	20.66m
Net per share	1.09	0.79

FORT HOWARD PAPER	1981	1980
First quarter	$	$
Revenue	110.7m	88.3m
Net profits	19.8m	16.4m
Net per share	0.73	0.61

GREAT NORTHERN NEKOOSA	1981	1980
First quarter	$	$
Revenue	366.1m	329.0m
Net profits	21.2m	21.8m
Net per share	1.31	1.36

G. HEILEMAN BREWING	1981	1980
First quarter	$	$
Revenue	195.8m	174.5m
Net profits	6.46m	5.64m
Net per share	0.74	0.65

E. F. HUTTON	1981	1980
First quarter	$	$
Revenue	320.3m	261.6m
Net profits	22.58m	20.04m
Net per share	1.55	1.53

JOY MANUFACTURING	1980-81	1979-80
Second quarter	$	$
Revenue	268.0m	234.0m
Net profits	21.72m	15.88m
Net per share	1.56	1.22
Six months		
Revenue	522.5m	439.2m
Net profits	37.4m	28.21m
Net per share	2.86	2.17

LONE STAR INDUSTRIES	1981	1980
First quarter	$	$
Revenue	210.2m	179.9m
Net profits	2.8m	3.5m
Net per share	0.15	0.33

MORTON-NORWICH	1980-81	1979-80
Third quarter	$	$
Revenue	241.7m	226.4m
Net profits	14.35m	12.48m
Net per share	1.05	0.92
Nine months		
Revenue	705.0m	635.3m
Net profits	*40.77m*	*40.18m*
Net per share	3.00	2.96

NATIONAL DISTILLERS & CHEMICALS	1981	1980
First quarter	$	$
Revenue	508.6m	550.4m
Net profits	34.32m	43.11m
Net per share	1.00	1.30

PABST BREWING	1981	1980
First quarter	$	$
Revenue	174.9m	186.8m
Net profits	†1.84m	1.57m
Net per share	†0.22	0.19

† Loss

PARKER PEN	1980-81	1979-80
Fourth quarter	$	$
Revenue	172.8m	166.4m
Net profits	5.99m	7.79m
Net per share	0.36	0.48
Year		
Net profits	37.69m	39.57m
Net per share	2.23	2.35

REPUBLIC OF TEXAS CORP.	1981	1980
First quarter	$	$
Net profits	19.04m	27.92m
Net per share	1.06	1.49

ROADWAY EXPRESS	1981	1980
First quarter	$	$
Revenue	267.6m	258.8m
Net profits	14.41m	11.84m
Net per share	0.73	0.60

TANDY	1980/81	1979/80
Third quarter	$	$
Revenue	408.3m	325m
Net profits	34.93m	21.94m
Net per share	0.68	0.44
Nine months		
Net profits	115.25m	*81.82m*
Net per share	2.25	1.62

TEXASGULF	1981	1980
First quarter	$	$
Revenue	275.3m	280.0m
Net profits	84.89m	116.81m
Net per share	2.48	3.55

TOLEDO EDISON	1981	1980
First quarter	$	$
Revenue	108.2m	97.9m
Net profits	18.08m	17.47m
Net per share	0.62	0.76

TRANS COMPANY	1981	1980
First quarter	$	$
Revenue	193.5m	179.5m
Net profits	7.11m	8.49m
Net per share	0.70	0.83

U.S. HOME	1981	1980
First quarter	$	$
Revenue	299m	240m
Net profits	11.55m	11.69m
Net per share	0.80	0.92

U.S. INDUSTRIES	1981	1980
First quarter	$	$
Revenue	301.2m	301.1m
Net profits	5.76m	8.32m
Net per share	0.21	0.31

VIRGINIA ELECTRIC AND POWER	1981	1980
First quarter	$	$
Revenue	554.2m	572.6m
Net profits	54.56m	54.49m
Net per share	0.40	0.43

WESTERN BANCORP	1981	1980
First quarter	$	$
Net profits	*62.89m*	*58.85m*
Net per share	1.56	1.46

هكذا من الأصل

Firestone in truck tyre talks with Bridgestone

By Ian Hargreaves in New York

BRIDGESTONE TYRE, the largest Japanese tyre manufacturer, is talking to Firestone Tire and Rubber about a possible Bridgestone involvement in the U.S. company's heavy duty radial truck tyre business.

Firestone issued a brief statement yesterday saying it had held "preliminary conversations" with Bridgestone and that as part of these discussions, Bridgestone executives would visit Firestone's plant at Nashville, Tennessee.

It has been rumoured for some time that Bridgestone might buy the Nashville plant, which employs 875 people, as a first step towards a long-contemplated investment in U.S. tyre manufacturing.

Another possibility is that Firestone is considering a joint venture with Bridgestone.

The Nashville plant was built in 1972 and is an important producer of radial tyres for larger lorries.

Bridgestone has been an aggressive importer of such tyres, for which the manufacturers are hopeful of a rapidly growing market.

Only 15 per cent of the heavy lorries on U.S. roads are equipped with radial tyres and the industry believes that there will be a quick switch to radials, as there already has been on passenger cars, once the road haulage industry recovers its financial health

Japanese in accounting link

By Ian Rogers

TWO MAJOR Japanese accounting firms, Tetsuzo Ota and Company and Sanwa Tokyo Marunouchi and Company, have joined the fast-growing international organisation of accounting firms, Klynveld Main Goerdeler, based in the Netherlands.

Together, the two firms constitute one of the largest accounting practices in Japan, with 10 offices and 115 partners. Among their clients are Nissan Motor, Mitsui and Company, Nippon Electric and Fuji Bank.

KMG is also announcing today new member firms from seven other countries: Alpen-Treuhand, Austria; Fakhro Establishment for Accounting and Auditing, Bahrain; Dr. A. M. Hegazy and Company, Egypt; Castillo Miranda Y Compania, Mexico; A/S Forenede Revisorer, Norway; Alonso, Castro Y Associados, Peru; and Pulbrook, Underwood and Mackenzie, Zimbabwe.

KMG was formed in 1979 by firms from nine countries. It has since grown to 32 member and representative firms in 31 countries with combined worldwide revenues of $800m, making it the third largest international group after Coopers and Lybrand and Peat, Marwick, Mitchell.

Usinor shows heavier than expected FFr 1.2bn loss

BY TERRY DODSWORTH IN PARIS

THE DEPTH of the crisis in the French steel industry was underscored yesterday when Usinor, the leading company in the sector, announced losses for last year of FFr 1.2bn ($285m).

A heavy deficit for 1980 was expected after the collapse of the market in the second half of last year. But earlier forecasts suggested that the company would sustain smaller losses, of about FFr 500m.

Usinor's figures follow an even larger shortfall at Sacilor, the second largest French steel group, which earlier this week reported losses of nearly FFr 2bn last year.

The results clearly demonstrate that the reorganisation of the French industry undertaken by the Government in 1978 has been seriously undermined in the period since last summer. Around 30,000 jobs have been trimmed from the payrolls of the two big companies in the past 18 months, but despite this surgery and substantial injections of state finance, hopes of reaching break-even point by this year are now looking decidedly thin.

Total losses in the last three years amount to about FFr 4.4bn at Sacilor and FFr 4.7bn at Usinor. With both companies involved in restructuring programmes in the special steels sector, more state funds are in the process of being channelled into the industry, but there have also been suggestions of further special aid.

In the period up to the end of 1979, the main problem for the two companies was absorbing the costs of closures and redundancies. But the collapse in sales and prices last year brought additional problems. This is indicated by the relatively small rise in turnover at Usinor, from FFr 16bn to FFr 17bn, alongside the sharp deterioration in margins.

Van Der Giessen in the black

BY CHARLES BATCHELOR IN AMSTERDAM

THE DUTCH shipbuilding group, Van Der Giessen-de Noord, returned to a net profit in 1980, although part of this improvement was brought about by a change in the system of government support for the shipbuilding industry.

The company recorded a net profit of Fl 3.7m ($1.5m) in 1980 against a loss of Fl 20.5m the year before. Turnover fell marginally to Fl 229m ($95m). The level of profit was slightly higher than Van Der Giessen forecast in October, when it said it expected the result for the year would be about the same as the Fl 2.2m first half profit.

Orders booked by the company in 1980 are expected to produce much smaller losses than those booked in 1979. In addition, changes in the method of granting state aid meant that the company was not required to make provisions for expected losses.

The merchant and naval shipping divisions have enough work to last until the end of 1982 and Van Der Giessen expects that this year's result will match that of 1980.

The company again proposes passing its dividend. Its last payment, of Fl 8 per share was in 1976.

Van Der Giessen sustained a gross operating loss of Fl 6m compared with a profit of Fl 10m in 1979. General provisions rose by 20 per cent to Fl 42m but provisions for expected losses on orders were more than halved to Fl 56m.

Gain for South African retailer

BY DES KILALEA IN JOHANNESBURG

FRASERS, a leading South African wholesaling and retailing group, has turned in a 40 per cent pre-tax profit gain, to R6.14m ($7.6m) for the six months to end-March. Mr. Donald Campbell, the chairman, expects this growth trend to continue for the rest of the financial year. The taxed result equals earnings per share up 44 per cent to 25.8 cents from 17.9 cents, but as is traditional, the interim dividend will be declared only in mid-July.

Mr. Campbell says the improvement in profit, whichr was accompanied by a turnover increase of 25 per cent, arises from the buoyant economy, which produced better overall margins. A contribution to the enhanced profitability was better asset management, which allowed provisions on debtors to be reduced.

As a result of inflationary trends and labour shortage in South Africa, Frasers has brought forward its salary review date, which Mr. Campbell says, will influence group profitability. Nevertheless he expects that with April a strong growth month, the year's profit figure should reflect growth similar to that recorded in the first six months.

Currently, Frasers stands at 420 cents on the Johannesburg Stock Exchange, where it yields 4.1 per cent

MoDo forecasts positive result but lower earnings

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM

MO OCH DOMSJÖ, the Swedish pulp and paper group with substantial interests in Britain and France, expects "a positive result" this year but with earnings lower than the SKr 281m ($59.8m) realised last year on a SKr 3.8bn turnover.

In the shareholders' report, Mr. Matts Carlgren, the managing director, describes the 1980 outcome as "not quite satisfactory" for the last year of a business upswing.

He calculates that in the 1980s MoDo will need to achieve an average pre-tax return of SKr 250m a year, if it is to continue to invest heavily and also protect itself against hard blows like those it experienced towards the end of the 1970s

Mr. Carlgren believes his group has "rasonable chances" of meeting this target but he calls for greater realism in the pace of European paper output expansion. In particular, he questions plans by Finnish companies to strongly expand their fine paper capacity.

Demand for MoDo's pulp is expected to be satisfactory during the rest of the year and a price increase is judged to be "within reach" in the second half. But compared with the SKr 316m that pulp contributed to the group's operating profit of SKr 469m last year, its result will be smaller.

Last year MoDo succeeded in further reducing the long-term debt it built up in 1977 and 1978. At the end of 1980 its debt ratio was 53.7 per cent compared with 63.1 per cent at the end of 1978.

Volker Stevin sees upturn

By Our Amsterdam Correspondent

VOLKER STEVIN (VS), the troubled Dutch dredging and construction group, expects only a small net loss this year after moving sharply into the red in 1980. It believes that this improvement will continue in 1982.

The company announced that the final audited net loss in 1980 was Fl 279.6m ($116.5m), slightly more than the Fl 275m reported in December. The size of last year's losses, which were largely caused by the miscalculation of the cost of several foreign contracts, led to the resignation of four of the six members of the management board.

VS proposes passing its 1980 dividend after paying Fl 6 per Fl 20 nominal share the year before.

SMALLER BANKS GO FOR GROWTH

Challenge to Switzerland's big three

BY BRIJ KHINDARIA IN GENEVA

BANK LEU is running advertisements in foreign publications saying: "Don't ask the oldest Swiss bank what it does. Ask it what it doesn't do." The advertisement has raised eyebrows among more conservative Swiss bankers who think that Bank Leu, established in 1755, may be needlessly aggressive in its marketing techniques.

But Bank Leu's advertising campaign does symbolise a new and significant trend on the part of the smaller Swiss banks to try to dent the domination of this country's banking industry by the big three — the Swiss Bank Corporation, Union Bank of Switzerland, and Credit Suisse—which together account

CREDIT SUISSE

for nearly three-quarters of the banking trade and almost all foreign operations.

The threat to the long-standing domination of the major commercial banks is being spearheaded by Volksbank, the largest of the smaller banks, which has a balance-sheet totalling SwFr 17.8bn ($9.8bn) at the end of last year. Volksbank, which has a network of branches across the nation but only three representative offices abroad, has trebled its balance-sheet total and doubled net profit in the past 10 years.

Bank Leu is much smaller than Volksbank and does not even have branches in all of Switzerland's main cities. But both banks are convinced that the sky is the limit for growth. Their problem appears to be managing this growth, rather than finding clients abroad.

Their optimism arises partly from the fact that the three big banks rely for more than 60 per cent of their business on foreigners, a worrying dependence when the performance of several major foreign economies is so uncertain.

Large clients have turned to the Swiss banks because of Switzerland's image of security and economic stability. Yet the Swiss inflation rate was higher than 5 per cent in 1979 and 1980, and prospects for this year are no better. Nor is the Swiss franc as impregnable as it used to be. As a result, the big banks are turning homewards in search of more domestic business, in order to sustain their foreign exposure.

Both Bank Leu and Volksbank have firm home bases and can afford to look aggressively for foreign business. About one-fifth of Volksbank's business comes from abroad and it believes there is considerable scope for expansion. Bank Leu, for long a large portfolio manager, is now trying to promote itself as a multi-service institution capable of handling complex foreign transactions for clients who are not large enough to get real personal service from the giants.

The two banks are taking advantage of a gap created by the Swiss banking industry's peculiar structure. Although there are more than 554 commercial banks, only four have national stature and only three are significant abroad. This is because most Swiss banks are cantonal or regional and are not allowed to open branches outside their areas. Nor are they allowed to seek clients abroad. Volksbank itself was an almost totally domestic bank, handling mainly mortgage business, until it began to expand its foreign operations in 1975.

Private banks—which cannot handle commercial operations—are also snapping at the heels of the larger banks. They want to slow down the expansion of the big banks' portfolio business, especially in handling pension funds and similar institutional business.

In order not to tread too sharply on the private banks' toes, some large banks have acquired control of private banks. One example is the control of Ferrier Lullin and Co., a Geneva Bank, by Swiss Bank Corporation.

Ferrier Lullin represents a whiff of change in private bank attitudes which could become a trend. In 1978 it became a limited company and was freed from a constraint placed on all private banks not to advertise or openly to seek customers. Despite the change in its status, it remains a portfolio manager and is conducting an advertising campaign in France announcing that "a discreet door has opened a little wider in Geneva." The campaign has brought gentlemanly protests from the private banks, but many of them would not follow

SBG UBS

its lead in turning themselves into public companies since this would place an obligation to disclose annual results.

The going has been difficult for private banks in recent years. Some of their managers complain that Europeans are no longer as rich as they used to be, probably because tax evasion has become more difficult. The banks have been forced to look to institutions, such as pension funds, and to Middle Eastern clients for their funds.

Pictet and Co., the largest private bank in Geneva, has ventured down a road towards a different style of banking by opening its doors to less wealthy individuals. Almost half its estimated balance sheet total of SwFr 10bn ($5.26bn) is made up of deposits of less than SwFr 150,000. Another 20 per cent of the total comes from financial institutions. Despite these efforts it has yet to match its 1972 results.

Pictet appears to place its best hopes on the United States. Last year, it set up the Mellon-Pictet International Manage-

SWISS BANK CORP.

ment Corporation in London, in association with Mellon Bank of Pittsburgh. The aim was to win a share of the foreign investments made by U.S. pension funds. Such funds are estimated at $800bn of which $20bn are thought to seek placement abroad.

As Swiss bankers turn increasingly to foreign markets, they are finding that certain aspects of Swiss banking traditions are too restrictive, such as directives by the Swiss Bankers' Association banning "disloyal publicity" likely to cast in an unfavourable light services offered by other banks. The association is now reviewing its directives.

At the same time, the large banks are being increasingly criticised by cantonal banks, which fear that the much more powerful means available to the big banks, as they turn homewards, will seriously erode the home loans market share of cantonal and regional banks. After decades of discreet co-existence between large and smaller institutions, the Swiss banking community is entering a period of ferment which could change its structure for years to come.

EXCHANGE GAINS BOOST RESULTS

Jardine doubles attributable profits

BY KEVIN RAFFERTY IN HONG KONG

JARDINE MATHESON, the Hong Kong trading house, yesterday reported consolidated net after-tax profits, excluding exchange gains, of HK$510.3m (US$96m) for 1980, an increase of 26.6 per cent on the previous year's figures. With surpluses on exchange transactions of HK$111.8m and extraordinary gains of HK$358.7m, total earnings were 98.1 per cent higher at HK$980.8m. Earnings per share rose by 22.2 per cent to HK$1.98 compared to HK$1.62 in 1979, adjusting for the three-for-20 scrip issue in June, 1980.

Jardine's Board is to recommend a final dividend of 65 cents a share, taking the total for the year to 88 cents, 23.9 per cent more than the 1979 total of 71 cents, as adjusted for the scrip issue. It is also to recommend a scrip issue of one new share for every 10 shares held.

The extraordinary items were mainly comprised the writing off of the HK$100m goodwill in Jardine's Middle Eastern associate, Transport and Trading Company, and gains of HK$460m from the sale of buildings to Hong Kong Land. The proceeds of the sale were used towards Jardine's purchase of Land shares.

As a result of share exchanges and other transactions Jardine now owns 659.1m shares in Hongkong Land or about 40 per cent of the capital as at December 31. Land in turn owns 40 per cent of Jardine.

Mr. David Newbigging, the chairman of Jardine, who is also chairman of Land, disclosed after publication of the results yesterday that Jardine's investments in Land had cost HK$6bn, of which HK$4bn had been paid in cash. The transactions began in December 1979 and culminated in Jardine's purchase of 80m Land shares and share equivalents on the open market on November 3 last year.

The deals have pushed Jardine's debt to equity ratio up to 0.87 to 1, much higher than the 50 to 60 per cent ratio which Mr. Newbigging himself stated was satisfactory "for a trading company like ours." He said "The debt is higher than we could like but we can live with it. We believe that this will not inhibit our future expansion and that the continued growth of the group overall, coupled with the expected earnings and cash flow from our investment in Hongkong Land, will more than compensate for this temporary effect.

Mr. Newbigging said that Jardine's total term debt was HK$4bn. The average maturity was six years and the cost of interest 13.7 per cent. Net interest payments on the debt in 1981 will be in excess of HK$400m.

The chairman said that 1980 saw Jardine take a significant step towards becoming a major international force in insurance broking through its acquisition of the outstanding capital of Glanvill Enthoven, a long established firm of Lloyd's of London.

"We believe that the resulting group, which ranks among the ten leading Lloyd's insurance brokers, and which will have particular strengths in the Pacific basin through Jardine's diversified interests in the region, will quickly make its mark in the industry."

He also noted that Jardine had strengthened its interests in China, but had escaped the difficulties of the rescheduling of projects because of Peking's economic cutbacks. Mr. Newbigging said that none of Jardine's investments in China involved heavy capital investments, but all related to day-to-day trade.

Another area in which Jardine is taking what Mr. Newbigging called "some modest steps" is energy production. Its wholly owned subsidiary, Matheson Petroleum, is a 5 per cent shareholder in a consortium which has been awarded an exploration and production licence for block 12/28 in the UK North Sea. In addition, Jardine has teamed up with American and European interests to share in a U.S. exploration programme.

Mr. Newbigging said the company had "excellent prospects for sustained growth in the years to come," but added that continuing high interest rates and the increase in the weighted average number of shares compared with 1980 might bring a lower rate of growth in earnings per share in the current year. He predicted, however, that earnings would at least increase by 10 per cent, allowing at least a maintained dividend on the shares as increased by the scrip issue.

From 1981 Jardine will switch to equity accounting. Mr. Newbigging estimated that such a method would have altered the 1980 figures by a maximum of 3 per cent and would have shown higher profits.

Increased dividend for News Corporation

By Our Sydney Correspondent

NEWS CORPORATION, the international media group controlled by Mr. Rupert Murdoch, has substantially increased its interim payout to shareholders after a record profit for the six months to December 31.

Profit rose 192 per cent to A$ 35.61m (US$ 41m), but directors caution that the result is not strictly comparable because of the large changes within the company's structure in the intervening six months. These included the absorption of the News International group and the inclusion of the company's share of the profits of Ansett Transport Industries. Ansett's trading profit rose from A$11.2m to A$11.25m for the six months to December 27.

News Corporation's total sales in Australia, the UK and the U.S. rose from A$132.39m to almost A$518.2m. The total includes a maiden contribution from the U.S. and UK subsidiaries absorbed last year. Previously the results of these operations were accounted for on an equity basis.

The dividend is up from 4 cents to 5.5 cents and directors said the company's News International subsidiary would pay a similar dividend converted to UK currency to the holders of special dividend shares in that company.

Profit was after tax of A$34.75m (previously A$14.88m), interest charges of A$16.1m (A$4.84m) and depreciation of A$7.55m (A$2.4m). The directors said that because of the changed structure of the group comparative figures have little relevance.

Directors also said that in line with the normal pattern the group would not show the same level of profitability in the second half of the year and that a loss was expected from the recently acquired Times Newspapers of London.

Extraordinary profits, not included in the trading result for the half year totalled A$14.15 (previously A$19.48m).

Pakshong joins Sime board

By Our Financial Staff

MR. MICHAEL PAKSHONG, the former managing director of the Monetary Authority of Singapore, effectively the country's central bank, has been appointed a non-executive director of Sime Darby, the Malaysian plantations and diversified industrial group.

His appointment comes within days of Sime announcing its most important appointment since the concern was taken over by Malaysians five years ago, that of Tunku Dato' Ahmad Yahaya, as joint chief executive, with Mr. James Scott.


Michael Wong Pakshong

Mr. Pakshong, 49, parted company with the Monetary Authority a few weeks ago, along with other top officials of the MAS, in am ove that shook the Singapore banking community. Another leading figure to leave the authority was Mrs. Elizabeth Sam, the head of the international department.

Ansett earnings little changed

BY OUR SYDNEY CORRESPONDENT

THE AUSTRALIAN airline and road transport group, Ansett Transport Industries, returned an almost unchanged profit for the six months to December 27, although revenue in the same period increased 14.4 per cent.

Group profit was A$11.25m (U.S.$13.1m), compared with A$11.22m in the same period the previous year, while turnover rose A$35.36m to A$399.76m (U.S.$465m).

The result was after tax of A$14.99m, compared with A$15.23m, interest charges of A$7.77m, against A$6.15m and a fixed asset utilisation charge of A$17.63m, against A$11.58m.

The fixed asset utilisation charge included depreciation and amortisation and a fixed asset utilisation adjustment of A$3.67m, up from A$3.6m, in respect of aircraft already depreciated to residual value.

It did not include extraordinary profits of A$29.05m, which compared with losses of A$8.92m previously and were mainly attributable to profits on the sale of a subsidiary company of A$7.51m and A$21m from the sale of a long term investment.

Directors said Ansett Airlines achieved traffic growth of 11 per cent during the September quarter of the year, but that in the months of November and December was adversely affected by industrial disputes beyond its control which disrupted flights. Traffic growth for the half year was reduced to an overall 6 per cent.

● ALCOA AUSTRALIA, the local subsidiary of the Aluminum Company of America, which has been forced to cut its Eurobond raising from $50m to $30m following the upward trend in international interest rates, has announced that it has arranged a four-year A$50m promissory note facility through a consortium of Australian merchant banks.

The company was advised by Schroder Darling and Company, who will also act as managers of the underwriting syndicate.

Israeli investment group shows sharp advance

BY L. DANIEL IN TEL AVIV

ISRAEL DISCOUNT Bank Investment Corporation (IDBIC) which specialises in investments in industry reports a consolidated profit for 1980 of Sh 65.3m ($7.39m), compared with Sh 20.8m in 1979. This represents a gain in real terms of 35 per cent after allowing for inflation.

The balance sheet total rose to Sh 4.452 bn from Sh 1.81bn a year earlier. It will distribute scrip at the rate of 50 per cent (30 per cent for 1979) and an unchanged cash dividend of 18 per cent.

The special character of the IDBIC is its willingness to provide start up capital for, and its active involvement in, high technology export-oriented industries.

While such industries under the company's control managed exports valued at $45m in 1976 and worth $92m in 1979, the 1980 total reached $154m.

Strong growth at Peico Electronics

By P. C. Mahanti in Calcutta

PEICO ELECTRONICS and Electricals, the Indian offshoot of the Dutch Philips group, has turned in excellent results for 1980, with a gain of 16.4 per cent in sales and substantially better pre-tax and net profit figures.

Sales for the year totalled Rs 1.2bn ($241m) compared with Rs 1.03bn in the previous year. Pre-tax profits were up from Rs 137.4m to Rs 150.55m. The after-tax profit was better at Rs 57.5m compared with Rs 47.4m. Booming demand for electronic goods and for radios, record playing equipment and recorders made by the company has been sustaining its growth.

Because of capacity limitations Peico has not been able to satisfy the demand for these goods.

Van Gelder to close plants

By Our Financial Staff

VAN GELDER Papier said that it plans to close three paper plants after Easter, involving the loss of 1,000 jobs. The decision was taken after the Economics Ministry decided it could not meet an aid request from the company, which is 50 per cent owned by Crown Zellerbach Corporation, the U.S. paper and wood group.

Van Gelder had sought Fl 45m ($18.9m) of aid to save its white paper operations.

Van Gelder said that the plant closures are needed to ensure continuation of other activities. The plants involved are the newsprint and white-paper plants at Velsen and the wallpaper plant at Renkum.

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CURRENCIES, MONEY and GOLD

$ and £ quiet

TRADING was quiet in currency markets yesterday ahead of the long Easter weekend. The dollar continued to show a firmer tendency, underpinned by high Euro-dollar rates and further rises in U.S. prime rates.

Sterling remained on the sidelines and tended to drift in featureless trading against the dollar. It was hardly changed against European currencies.

European currencies were down against the dollar. Within the European Monetary System the Belgian franc remained the weakest currency, and was little changed after yesterday's one point reduction in the Belgian discount rate to 15 per cent. Yesterday's move came quite soon after a rise to a record 16 per cent late last month, and highlighted the fact that the Belgian franc has acquired very little central bank support this month. The Deutsche Mark remained the strongest currency.

DOLLAR — trade weighted index (Bank of England) rose from 102.1 to 102.4. The dollar was firmer yesterday, encouraged by favourable *economic* indicators released yesterday, which prompted short covering ahead of the weekend. Against the D-mark it closed at DM 2.1765 compared with DM 2.1630, and SwFr 1.9860 against SwFr 1.9710. The U.S. unit was also stronger in terms of the Japanese yen, finishing at Y216.40 against Y215.10.

STERLING — trade weighted index (Bank of England) fell to 98.9 from 99.3, having stood at 99.0 at noon and 99.3 in the morning. The pound finished at its lowest closing level for just over a year against the dollar yesterday in dull featureless trading. It opened at $2.1725 and had slipped to $2.1650 by noon. During the afternoon it touched a low of $2.1560 and closed at $2.1575-2.1585, a fall of 1.95c from Tuesday. Against the D-mark, *sterling finished at* DM 4.70 from DM 4.7125, and FFr 4.2875 against the French franc compared with FFr 4.2950 previously.

D-MARK — One of the strongest members of the European Monetary System, helped by the sharp rise in West *German interest* rates. *On the* other hand very firm U.S. interest rates, given a further upward *twist* by recent money supply figures, have depressed the D-mark against the dollar, despite the easing of tension in Poland — The D-mark showed little overall change at yesterday's *fixing in Frankfurt*. The dollar benefited against the D-mark as German domestic money rates eased, and the German authorities announced a sharp rise in the wholesale prices index. The dollar was fixed at DM 2.1736 compared with DM 2.1650 Wednesday, while sterling eased to DM 4.7060 from DM 4.7080. Within the EMS the French franc fell to DM 42.365 from DM 42.375 per FFr 100, and the Belgian franc was lower at DM 6.102 from DM 6.103 per BFr 100, after yesterday's one point cut in the Belgian discount rate.

JAPANESE YEN—Remaining fairly firm thanks to Japan's strong economic performance, but slightly weaker against the dollar in recent weeks following the mid-March cut in the Japanese discount rate.—The Japanese yen was weaker against the dollar in Tokyo yesterday, with the U.S. unit rising at the close to Y216.40 from Y215.70 on Tuesday. It opened at Y215.60 and rose to a high of Y216.45, reflecting a firmer trend in U.S. interest rates. However, trading tended to reflect nervousness ahead of the long Easter weekend.

THE POUND SPOT AND FORWARD

April 15	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.1560-2.1760	2.1575-2.1585	0.62-0.72c dis	−3.73	2.20-2.30dis	−4.17
Canada	2.5770-2.5970	2.5795-2.5805	1.00-1.10c dis	−4.88	3.25-3.45dis	−5.19
Nethlnd.	5.19-5.24	5.20¼-5.21¼	1¼-¼c pm	1.73	2⅛-1⅞ pm	1.44
Belgium	76.80-77.50	76.90-77.00	40-50c dis	−7.02	110-125 dis	−6.11
Denmark	14.75-14.87	14.79-14.80	1½-3¼ore dis	−1.93	10½-12¼ dis	−3.08
Ireland	1.2820-1.2950	1.2875-1.2890	0.28-0.45p dis	−3.40	0.97-1.16dis	−3.31
W. Ger.	4.68½-4.73½	4.69½-4.70½	⅛pf pm-⅜ dis	−0.32	⅜-⅞ dis	−0.53
Portugal	125.50-126.70	125.55-125.75	5c pm-65 dis	−2.87	20-200 dis	−3.50
Spain	190.10-191.60	190.25-190.45	55-90c dis	−4.57	225-280 dis	−5.31
Italy	2,333-2,360	2,358-2,360	14½-16½ lire dis	−7.88	41¼-44¼	−7.25
Norway	11.80-11.87	11.80½-11.81½	2⅜-⅜ore pm	−1.59	⅞ pm-1 dis	−0.04
France	11.06-11.14	11.10-11.11	⅜-1⅜c dis	−0.95	4-5 dis	−1.62
Sweden	10.15-10.23	10.15-10.16	3-4ore dis	−4.14	10½-11½ dis	−4.28
Japan	465-472	466¾-467¾	2.05-1.80y pm	4.94	5.40-5.10 pm	4.49
Austria	33.15-33.40	33.20-33.25	2gro pm-3 dis	−0.18	3 pm-7 dis	−0.24
Switz.	4.27½-4.32½	4.28¼-4.29¼	1½-¾c pm	2.80	3½-3 pm	3.03

THE DOLLAR SPOT AND FORWARD

April 15	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.1560-2.1760	2.1575-2.1585	0.62-0.72c dis	−3.73	2.20-2.30dis	−4.17
Ireland†	1.6740-1.6815	1.6740-1.6760	0.05-0.15c dis	−0.71	0.32-0.42dis	−0.88
Canada	1.1944-1.1960	1.1955-1.1960	0.11-0.16c dis	−1.36	0.30-0.35dis	−1.09
Nethlnd.	2.4040-2.4085	2.4060-2.4075	1.20-1.10c pm	5.73	3.42-3.32 pm	5.60
Belgium	35.54-35.70	35.64-35.66	5-12c dis	−2.86	15-23 dis	−2.13
Denmark	6.8300-6.8425	6.8320-6.8335	1.50-1.00ore pm	2.19	2.50-2.00 pm	1.32
W. Ger.	2.1680-2.1800	2.1760-2.1770	0.63-0.55pf pm	3.25	1.90-1.82 pm	3.42
Portugal	58.18-58.40	58.25-58.40	20c pm-10 dis	1.03	60 pm-25 dis	0.86
Spain	88.00-88.15	88.10-88.15	5-15c dis	−1.36	15-25 dis	−1.13
Italy	1,080-1,083	1,081-1,083	2¾-3½ lire dis	−3.47	7¼-8¼ dis	−2.87
Norway	5.4610-5.4690	5.4640-5.4690	2.70-2.20ore pm	5.38	6.10-5.60 pm	4.28
France	5.1220-5.1480	5.1430-5.1480	1.35-1.20c pm	2.98	3.55-3.35 pm	2.69
Sweden	4.7000-4.7080	4.7055-4.7065	par-0.15ore dis	−0.19	0.15-par pm	0.64
Japan	216.00-216.60	216.35-216.45	1.85-1.70y pm	9.84	4.85-4.70 pm	8.83
Austria	15.36-15.37¼	15.36½-15.37½	5.75-4.50gro pm	4.00	17.50-13.50pm	4.03
Switz.	1.9785-1.9895	1.9855-1.9865	1.24-1.14c pm	7.19	3.62-3.52 pm	7.19

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

April 15	Bank of England Index	Morgan Guaranty Changes%
Sterling	98.9	−27.4
U.S. dollar	102.4	−2.0
Canadian dollar	86.0	−17.8
Austrian schilling	115.5	+22.8
Belgian franc	107.4	+9.6
Danish kroner	88.9	−10.5
Deutsche mark	120.3	+39.8
Swiss franc	134.0	+74.7
Guilder	111.8	+15.6
French franc	86.2	−10.0
Lira	59.2	−55.0
Yen	142.6	+38.0

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

April 14	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	12	0.559636	0.538686
U.S. $	13	1.20916	1.17272
Canadian $	16.94	1.44108	1.39730
Austria Sch.	6¾	18.5183	17.9548
Belgium F.	16	42.9378	41.5993
Danish K.	11	8.23982	7.99209
D mark	7½	2.612783	2.53777
Guilder	9	2.90198	2.81160
French Fr.	9½	6.17397	5.98850
Lira	19	1503.17	1263.72
Yen	6¼	260.816	253.331
Norwgn. Kr.	9	6.64433	6.41713
Spanish Pts.	8	106.225	103.023
Swedish Kr.	12	5.68003	5.60393
Swiss Fr.	4	2.38664	2.31485
Greek Dr'ch.	20½	—	61.9548

OTHER CURRENCIES

April 15	£	$		£ Note Rates
Argentina Peso	6633-6653	3067-3077	Austria	33.00-33.40
Australia Dollar	1.8750-1.8790	0.8690-0.8695	Belgium	79.50-80.30
Brazil Cruzeiro	171.76-172.76	79.46-79.86	Denmark	14.70-14.85
Finland Markka	8.9500-8.9700	4.1620-4.1630	France	11.02-11.12
Greek Drachma	113.805-115.873	52.80-52.90	Germany	4.69-4.73½
Hong Kong Dollar	11.58½-11.68½	5.3595-5.3625	Italy	2300-2360
Iran Rial	164.80*	76.20*	Japan	467-473
Kuwait Dinar(KD)	0.596-0.601	0.27540-0.27560	Netherlands	5.18-5.23
Luxembourg Frc.	76.90-77.00	35.64-35.66	Norway	11.75-11.87
Malaysia Dollar	5.0175-5.0275	2.3190-2.3210	Portugal	123-126
New Zealand Dlr	2.3950-2.4000	1.1099-1.1111	Spain	184½-195½
Saudi Arab. Riyal	7.24-7.30	3.3500-3.3520	Sweden	10.13-10.23
Singapore Dollar	4.5640-4.5740	2.1095-2.1115	Switzerland	4.27-4.31½
Sth African Rand	1.7512-1.7530	0.8115-0.8123	United States	2.15-2.17
U.A.E. Dirham	7.93-7.99	3.6720-3.6740	Yugoslavia	78-82

Rate given for Argentina is free rate. *Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU April 15	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7985	41.5846	+1.95	+1.92	±1.5361
Danish Krone	7.91917	7.98509	+0.83	+0.80	±1.6413
German D-Mark	2.54502	2.53711	−0.31	−0.34	±1.1386
French Franc	5.99526	5.98736	−0.13	−0.16	±1.3638
Dutch Guilder	2.81318	2.81013	−0.11	−0.14	±1.5159
Irish Punt	0.685145	0.694992	+1.44	+1.41	±1.6688
Italian Lira	1262.92	1262.37	−0.04	−0.04	±4.1116

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

April 15	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.158	4.700	467.3	11.11	4.288	5.208	2359.	2.580	76.95
U.S. Dollar	0.463	1.	2.178	216.5	5.146	1.987	2.413	1093.	1.196	35.66
Deutschemark	0.213	0.459	1.	99.41	2.363	0.912	1.108	501.9	0.549	16.37
Japanese Yen 1,000	2.140	4.619	10.06	1000.	23.77	9.176	11.14	5049.	5.522	164.7
French Franc 10	0.900	1.943	4.232	420.8	10.	3.861	4.689	2124.	2.323	69.29
Swiss Franc	0.233	0.503	1.096	109.0	2.590	1.	1.215	550.2	0.602	17.95
Dutch Guilder	0.192	0.414	0.903	89.73	2.133	0.823	1.	453.0	0.495	14.78
Italian Lira 1,000	0.424	0.915	1.992	198.1	4.708	1.818	2.208	1000.	1.094	32.62
Canadian Dollar	0.388	0.836	1.822	181.1	4.304	1.662	2.018	915.3	1.	29.83
Belgian Franc 100	1.300	2.804	6.108	607.2	14.43	5.572	6.767	3066.	3.353	100.

FT LONDON INTERBANK FIXING (11.00 a.m. APRIL 15)

3 months U.S. dollars		6 months U.S. dollars	
bid 16 5/16	offer 16 7/16	bid 16 5/16	offer 16 7/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

April 15	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	11⅞-12	15-15¼	16½-17½	10-10⅛	5½-6	11⅝-11¾	12¼-12⅝	18-20	18-24	5¾-6¼
7 days' notice	12-12⅛	15¼-15½	16½-17½	10-10⅛	5¾-6¼	11⅝-11⅞	12⅝-12¾	18½-20	18-24	6-6½
Month	12 1/16-12 3/16	15¾-16	17¼-17⅝	10⅛-10⅜	8¾-8⅞	12⅜-12½	13-13½	18½-19½	18-21	6¾-7
Three months	12 3/16-12 5/16	16 3/16-16 5/16	17⅛-17½	10⅝-10⅞	8⅞-9	12 7/16-12 9/16	13¼-13⅝	19-20	17-19	7 7/16-7 9/16
Six months	12⅛-12¼	16 3/16-16 5/16	16¾-17⅛	10½-10⅝	8⅞-9	12⅜-12½	13⅝-13¾	19¼-20¼	16-18	7½-7¾
One Year	12⅛-12 3/16	15½-15¾	16⅛-16½	10⅝-10¾	8 11/16-8 15/16	11⅞-12	13⅝-13¾	19-20	14½-16½	8-8¼

SDR linked deposits: one-month 13-13⅜ per cent; three-months 13⅜-13⅝ per cent; six-months 13 9/16-13 13/16 per cent; one-year 13-13⅜ per cent.

ECU linked deposits: one-month 12 15/16-13 3/16 per cent; three-months 13 3/16-13 7/16 per cent; six-months 13 3/16-13 7/16 per cent; one-year 12⅞-13¼ per cent.

Asian $ (closing rates in Singapore): one-month 16 5/16-16 7/16 per cent; three-months 16 5/16-16 7/16 per cent; six-months 16 5/16-16 7/16 per cent; one-year 15⅞-16 per cent. Long-term Eurodollar two-years 15⅜-15⅝ per cent; three-years 15⅜-15⅝ per cent; four-years 15⅜-15⅝ per cent; five-years 15⅜-15⅝ per cent; nominal closing rates. Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 15.60-15.70 per cent; three-months 15.70-15.80 per cent; six-months 15.65-15.75 per cent; one-year 15.55-15.65 per cent.

D-mark rates April 14: short-term 10¾-10⅞ per cent; seven-days' notice 11⅜-11½ per cent; one-month 12 1/16-12 3/16 per cent; three-months 12¾-12⅞ per cent; six-months 12⅜-12½ per cent; one-year 11 13/16-11 15/16 per cent.

INTERNATIONAL MONEY MARKET

Belgian rates cut

The Belgian National Bank cut its discount rate by 1 per cent to 15 per cent yesterday, and the Lombard rate by 1 per cent to 17 per cent. Only two weeks ago the central bank increased the discount rate by 3 per cent in order to support the franc within the European Monetary System. The latest move came as a surprise to the foreign exchange market, but there was no sign of any early speculative pressure against the currency. The franc was fixed slightly above its lowest permitted limit against the D-mark at the Brussels fixing, but remained generally weak within its EMS, well outside the alarm bell divergence limit.

In Frankfurt call money fell to 11.45-11.65 per cent from 11.80-11.90 per cent, and fixed period rates were also easier. The Bundesbank special Lombard facility remains open today at an unchanged level of 12 per cent.

In Amsterdam the official rate for call money was increased by ½ per cent to 9½ per cent in reaction to demand for a recent state bond issue, which drained about Fl 2.5bn from the market. In the interbank market overnight money rose to 9¾-10¼ per cent from 9-9½ per cent, and term rates showed a slight rise.

UK MONEY MARKET

Moderate help

Bank of England Minimum Lending Rate 12 per cent (from March 10, 1981)

Day-to-day credit was in short supply in the London money market, and the authorities gave help on a moderate scale, but this may not have been enough to take out the full shortage, with some houses still trying to take out late trading. The Bank of England bought a small amount of Treasury bills, plus small numbers of local authority bills and eligible bank bills from the discount houses, in somewhat difficult conditions because of banking make-up day.

Banks brought forward small run down balances, and the market was also faced with a small amount of maturing commercial bills in official hands.

GOLD

Weaker tendency

Gold fell $11 an ounce in the London bullion market yesterday to close at $473-476. The metal opened at $481-484 and was fixed during the morning at $480.25 and $476.25 during the afternoon. Recent dollar firmness and a continuing higher trend in U.S. interest rates were the principal factors cited as behind the weakness of gold.

In Paris the 12½ kilo bar was fixed at FFr 82,250 per kilo ($516.92 per ounce) in the afternoon, compared with FFr 85,250 ($517.37) in the morning, and FFr 84,500 ($520.26) on Tuesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 33,585 per kilo ($480.76 per ounce) against DM 33,620 ($482.99) and closed at $475-478 per ounce compared with $481-484.

In Zurich the metal finished at $475½-477½ against $481-484.

	April 15		April 14	
Gold Bullion (fine ounce)				
Close	$473-476	(£219-221½)	$484-487	(£222¼-223½)
Opening	$481-484	(£221½-222¾)	$478-481	(£219¼-220½)
Morning fixing	$480.25	(£221.620)	$483	(£222.222)
Afternoon fixing	$476.25	(£220.028)	$483.00	(£221.865)
Gold Coins				
Krugerrand	$489-490	(£226½-227)	$501-502	(£230-230½)
1/2 Krugerrand	$251½-252½	(£116½-117)	$246-247	(£113-113½)
1/4 Krugerrand	$128½-129½	(£59½-60)	$123-124	(£56½-57)
1/10 Krugerrand	$54-55	(£25-25½)	$54-55	(£24¾-25¼)
Mapleleaf	$484-485	(£224¼-222¾)	$498-500	(£228¾-229½)
New Sovereigns	$120-122	(£55½-56½)	$120-123	(£55-56½)
King Sovereigns	$139-141	(£64¼-65¼)	$139-141	(£63¾-64¾)
Victoria Sovs.	$139-141	(£64¼-65¼)	$139-141	(£63¾-64¾)
French 20,s	$178-181	(£82½-84)	$177-180	(£81¼-82¾)
50 pesos Mexico	$594-599	(£275-277½)	$596-601	(£273¾-276)
100 Cor. Austria	$494-498	(£228-230½)	$466-471	(£214-216¼)
$20 Eagles	$593-598	(£274-277)	$595-600	(£273¼-275½)

MONEY RATES

NEW YORK

Prime Rate	17-17½
Fed. Fund	13⅞-14⅛
Treasury Bills (13-week)	13.30
Treasury Bills (26-week)	13.22

GERMANY

Special Lombard	12.0
Overnight Rate	11.55
One month	12.50
Three months	13.10
Six months	12.975

FRANCE

Intervention Rate	12.5
Overnight Rate	12.25
One month	12.75
Three months	12.875
Six months	13.00

JAPAN

Discount Rate	6.25
Call (Unconditional)	7.25
Bill Discount (three-month)	7.28125

LONDON MONEY RATES

April 15 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	11-13	11½	—	—	11¾	11¼-12	—	—	—
2 days notice	—	—	11⅞	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	11⅝-12	12	—	12¼	12⅜	11⅝-11¾	—	—	—
One month	12¼-12⅛	12⅛-12¼	12⅛	13⅛-12⅞	12½	12⅝	11¾-11⅞	11½-11 9/16	11 17/32-11 19/32	12⅝
Two months	12¼-12⅛	12 3/16-12 5/16	—	13-12¾	12½	12⅝	11¾	11 7/16	11 9/16	12½
Three months	12¼-12⅛	12 3/16-12 5/16	12¼	12¾-12⅝	12 7/16	12⅝	11⅝-11¾	11 13/32-11⅝	11 9/32	12⅜
Six months	12⅛-12	12 1/16-12¼	12	12½-12⅛	12 7/16	12⅝	—	—	11 1/16-11¼	11⅞
Nine months	12⅛-12	12-12 3/16	—	12⅜-12⅛	12 5/16	12⅝	—	—	—	—
One year	12 1/16-11 15/16	12-12 3/16	12⅛-12⅜	12⅜-12⅛	12⅜	12⅝	—	—	—	—
Two years	—	—	12½	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 12⅝-12¾ per cent; four years 13 per cent; five years 13-13⅛ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-months bank bills 11 7/16 per cent; four-months trade bills 12⅛ per cent.

Approximate selling rate for one-month Treasury bills 11⅜-11 7/16 per cent; two-months 11 5/16 per cent; three-months 11 9/32-11 5/16 per cent. Approximate selling rate for one-month bank bills 11 23/32-11 25/32 per cent; two-months 11⅝ per cent; three-months 11 21/32 per cent; one-month trade bills 12⅝ per cent; two-months 12½ per cent and three-months 12⅜ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 13 per cent from April 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 9 per cent. Clearing Bank Rates for lending 12 per cent. Treasury Bills: Average tender rates of discount 11.3492 per cent.

WORLD STOCK MARKETS

Early Wall St. advance of 4½

A REVERSAL of Wall Street's recent decline was in prospect by midsession yesterday as bargain hunting among recently depressed issues contributed to a firmer tone.

The Dow Jones Industrial Average rose 4.51 to 993.61 and advances led declines eight to five on a moderate volume of 23m shares. All other major indices were slightly firmer by noon.

The 0.4 per cent rise in March industrial production in the U.S. was about the level expected. Investors are apparently hoping that sluggish economic growth will reduce upward pressure on prices and interest rates.

Volume leader American Airlines reported a first quarter profit but eased $⅛ to $17. The profit resulted from non-recurring gains. Two blocks of ½m shares changed hands.

IBM also added $⅛ to $59½. It had been weak since reporting disappointing earnings last Friday.

Oils firmed after recent weakness on declining world crude prices. Atlantic Richfield gained $½ to $47⅜, Williams Co. $1⅜ to $34½ and Texaco $¼ to $36¼.

Walt Disney Productions slipped $⅝ to $60 after reporting a sharp drop in fiscal second quarter profits. Northrop announced flat first quarter results but added $1⅜ to $49.

THE AMERICAN SE Market Value Index was 0.53 up by noon to 358.53, on volume of 3.12m shares.

Canada

Markets were down slightly by noon in moderate trading. In Toronto, declines led advances 216 to 153 and the Composite Index eased 1.2 to 2,330.1.

Mining stocks were weak, and the Metals and Minerals Index fell 15.3 to 2,349.6. Inco was off C$¼ to C$25⅜ and Texas Gulf C$¼ to C$65¼ after both reported lower earnings. Noranda dropped C$½ to C$30½ and Cominco C$¾ to C$68⅝.

Harlequin "A" was up C$⅜ to C$28½, while Torstar "B" was unchanged at C$19⅞. Harlequin recommended acceptance of Torstar's takeover bid.

Among Oils, Gulf Canada rose C$½ to C$25, Imperial Oil "A" C$½ to C$34 and Hudson's Bay Oil C$⅝ to C$24¼. Dome Petroleum eased C$½ to C$91 and Dom Canada C$⅛ to C$10⅞.

Volume leader Celanese Canada gained C$¼ to C$12⅝ on 95,325 shares.

In lighter Montreal trading the Combined Index was 0.80 off at 365.99 and the Industrials Index 1.37 lower at 390.39.

Closing prices for North America were not available for this edition.

Tokyo

Share prices again fell sharply under the pressure of profit-taking, attributed to tighter trading curbs on margi ntransactions which came into effect yesterday.

The Nikkei-Dow Jones Market Average dropped 53.68 to 7,461.20 in active trading, with a volume of 700m shares. The Tokyo New Stock Exchange index lost 2.75 to 544.84. Blue Chips were sold over a wide front, but large Capitals recovered from an initial easiness.

Autos suffered major losses, reflecting gloomier prospects in the Japan/U.S. car trade negotiations, with Toyota down Y33 to Y967, Honda Y38 to Y782, and Nissan Motor Y30 to Y745.

High-priced Electricals, Precisions, Natural Resources and Consumer Financings were lower, with Pioneer down Y110 to Y3,160, TDK Electronics Y100 to Y4,000, Sony Y40 to Y3,810, Canon Y40 to Y1,020, Fuji Film (which moved ex-dividend) Y60 to Y1,270, and Nippon Oil Y80 to Y1,150.

However, Nippon Steel closed Y8 up at Y202, Sumitomo Metal Y7 to Y231, as did Toshiba at Y349. Mitsubishi Heavy Industries gained Y13 to Y280. The Second Market was also lower.

Hong Kong

A marginally firmer trend emerged in very quiet trading. The Hang Seng Index put on 6.08 points to close the half-day's business at 1,338.89.

Notable advances, were made by Hutchison Whampoa, up 50c to HK$14.70 on a broker's recommendation, and Jardine Matheson, 30c stronger at HK$21.10 ahead of its 1980 results announced later yesterday.

Australia

Prices fell for the third day in a row as an early show of confidence gave way to selling pressure. The Sydney All Ordinaries Index finished 0.3 down at 717.8 after rising one point in the morning.

However, the All Industrials Index ended 2.8 points up at 749.9, just under its record high, with a 20c gain by the Bank of New South Wales to A$3.35.

Oils drifted on a lack of overseas interest, with the Oil and Gas Index 2.6 off at 995.1. Woodside rose 2c to A$2.65 but Santos dropped 50c to A$21.

Among Mines BHP was 5c down at A$14.75, CSR added 4c to A$7.04, CRA firmed 2c to A$4.60, and Bougainville rose 3c to A$1.58.

In Melbourne, slightly firmer heavyweights highlighted trading but lack of buying support elsewhere caused prices to continue dowward. Mr. Rupert Murdoch's News Corporation put on 40c to A$4 on its announcement of increased profits.

Germany

Frankfurt's leading share prices closed narrowly mixed on limited turnover, with the Commerzbank Index edging 0.6 up to 715.2.

Gains among Vehicles were led by Daimler Benz and Volkswagen, up DM 1 each to DM 300 and DM 164 respectively.

Chemicals tended easier with Hoechst off 0.20 at DM 121.5. Banks sustained small losses, and Stores were unable to hold their recent strength, with Karstadt down DM 2 at DM 198.

Industrials were mixed, Electricals slightly higher. The Domestic Bond market was quiet and steady, and D-Mark Eurobonds were also little changed.

Paris

Bourse prices tended narrowly mixed in thin trading. The approach of Easter and of the French presidential elections continued to deter operators from significant initiatives, dealers said.

Electricals, Oils, Rubbers and Chemicals showed modest firmness. Among Vehicles, Peugeot was off 1.20 at FFr 140.20.

Foreign stocks were also narrowly mixed, though Gold Mines again gained.

Italy

Milan stock prices were irregularly firmer on the eve of settlements today. The day index gained 0.70 per cent to 246.99.

Bank issues and several big Industrialists led the rally in a fairly active trade. Medcobanca added L6,150 to Y109,900, Pirelli Spa L130 to L2,450, Snia Viscosa L47 to L1,339, and Olivetti L142 to L4,750.

Johannesburg

Golds closed mixed in quiet trading as the bullion price eased in Europe.

Among heavyweights, FS Geduld rose R2 to R55 but Buffels eased 25c to R49.25.

Johannesburg Consolidated Investment group producers all eased after quarterly results, while in steady to mixed Mining Financials "Johnnies" itself shed 50c to R76.50. De Beers eased 10c to R9.25.

Rustenburg Platinum regained 50c of its 55c Tuesday loss to R5.50. Industrials were firm.

NEW YORK

CANADA

Stock	April 14	April 13
Abitibi	27	27
Agnico Eagle	13	12⅞
Alcan Alumin	43⅞	44¾
Algoma Steel	47½	47⅝

BELGIUM (continued)

April 15	Price Frs.	+ or —
Petrofina	4,415	−5
Royale Belge	4,290	−10
Soc Gen Banq.	2,155	+10
Soc Gen Belge	1,120	+20

HOLLAND

April 15	Price Fls.	+ or —
ACF Holding	78	+0.70
Ahold	76.90	+1.40
AKZO	22.8	+0.10
ABN	279.5	−1.50
AMEV	92	+0.70

AUSTRALIA

April 15	Price Aust. $	+ or —
ANZ Group	4.80	
Acrow Aust	1.17	
Allstate Expl	1.10	
Ampol Pet	1.90	
Assoc. Pulp Pap.	2.45	−0.02
Audimco	0.17	−0.02

JAPAN (continued)

April 15	Price Yen	+ or —
Kubota	352	
Kumgaai	371	−4
Kyoto Ceramic	3,650	−50
Lion	431	−7
Maeda Cons.	590	−3
Makita	917	

Indices

NEW YORK — DOW JONES

MONTREAL

TORONTO

NEW YORK ACTIVE STOCKS

SINGAPORE

HONG KONG

SOUTH AFRICA

BRAZIL

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FRANCE

GERMANY

AUSTRIA

BELGIUM/LUXEMBOURG

ITALY

NORWAY

SWEDEN

JAPAN

SWITZERLAND

COMMODITIES AND AGRICULTURE

Exporters try to break tin agreement deadlock

BY JOHN EDWARDS, COMMODITIES EDITOR

TIN - PRODUCING countries plan to lobby key consumers after the dramatic failure of the International Tin Council talks last week.

Producers walked out for the first time ever in protest at the consumers' refusal to grant an increase in the buffer stock price ranges under the International Tin Agreement.

Producing countries are resigned to the hard line by the U.S. that no increase is justified.

But they hope to persuade other leading consumers, notably the EEC and Japan, *that it is grossly* unfair to refuse any rise, bearing in mind inflation in production costs *since the last increase* in March a year ago, and the political implications involved in under*mining the oldest* and best international commodity agreement.

The EEC has come in for particular criticism. It attended as a bloc for the first time at last *weeks Tin Council* meeting, instead of being represented by individual member - countries, and the result by all accounts was a disaster.

Strong disagreement among member-countries, with Britain backing the U.S. line and France a generous price-range increase, meant that the Community could not formulate a common view, the EEC spokesman on the Council was helpless, and would probably have had to abstain in any voting.

Producers hope that they can persuade the EEC to make up *its mind (in their favour) and* also put pressure on Japan, which sat on the fence, to sup*port a price range increase.*

Even the Australians, who normally adopt a moderate line, and were reluctant to lead the walk-out *since the Australian* representative is the current chairman of the producer group, were incensed by the U.S. refusal even to contemplate any increase and ignore all data presented on *production* cost rises since last March.

Moderate producers were especially angered by the fact that under an informal "gentleman's agreement" they had limited demands for a price range increase to once a year, even when market prices were surging to record levels.

Now that the market has turned downwards, they claim, consumers have reneged on the informal pact and tried to defer a price range increase until the *next meeting in July, when the* tin market is seasonally depressed.

Producers still hope to have a *price-range rise before July.*

The renewed negotiations in June on terms of an International Tin *Agreement to* replace the existing pact, which expires in June next year, are *unlikely to be very friendly* or constructive, unless the U.S. adopts a radical change of attitude.

Bolivia is known to be thoroughly disillusioned already with the Tin *Agreement, and* may well decide to stay out of any future pact unless the terms are considerably modified.

The price-range row is likely to harden the attitude of more moderate producers such as Malaysia, Indonesia and Thailand, which are saddened *to see the Tin Council turned* into a political football.

EEC meat production record

Financial Times Reporter

MEAT PRODUCTION *in the* Common Market broke all records last year, according to the latest figures published today by the Meat and Livestock Commission.

***Beef and veal production* was up 4 per cent to 7.05m tonnes, mutton and lamb output rose 13 *per cent to more* than 590,000 tonnes, and pig meat production was up 2 per cent to 9.96m tonnes.**

Poultry meat output was also up 3 per cent to 3.86m tonnes.

The record beef output was coupled with a significant decline in the EEC cattle herd—450,000 down to 30.7m, the lowest level for six years. *Lower production levels are forecast for 1981 reflecting the continued sharply reduced profitability in the beef and dairy sectors.*

The Common Market's record mutton and lamb production was mainly due to *rises in the community's main sheep producing countries*— Britain up 16 per cent and France up 9 per cent. Production is expected to remain at 1980's high level over the next 12 months. New Zealand lamb supplies this year are expected to be well below their quota of 245,000 tonnes and could fall by 45,000 tonnes.

Soviet meat output down

MOSCOW—Soviet meat production in March fell below the level for the same month last year, while livestock numbers continued to increase, according to figures published in the weekly "Ekonomicheskaya Gazeta."

Meat production from the public sector in March was 1,302,000 tonnes compared with 1,322,000 tonnes in March 1980. Over the first three months of the year production fell to *3,994,000 tonnes from* 4,025,000 tonnes in the first quarter of 1980.

Within this total, beef, sheepmeat and goatmeat production were down while pork output was *marginally higher and* poultrymeat was up 8 per cent.

Milk production over the first quarter was down 2 per cent and average milk yield per cow was down 3 per cent.

Reuter

COMMON AGRICULTURAL POLICY

Heavy cost of exporting for Europe

BY JOHN CHERRINGTON

AT A briefing session in Brussels last week, officials of the EEC Commission gave journalists a picture of almost unrelieved budgetary gloom, with one exception.

The spokesman on agriculture was in surprisingly bullish mood. The mountains of butter and skimmed milk powder, he claimed, were no more than pimples on the body politic. Cow numbers were falling, world prices of cereals were rising — the EEC was rapidly becoming the world's greatest exporter of temperate farm products.

This analysis is to some extent true. The Community is the world's largest exporter of dairy products and sugar, third in export of wheat, and second only to Australia in beef. But except for brief periods, these exports are not a commercial operation at all. The vendors, the EEC management committees for the different commodities, do not have to take into account the production cost of their wares.

Their duty is to match world prices at whatever level they have to compete. This they do *with what is claimed to* be an aggressive determination to reduce surpluses. So, though *the operation costs quite a bit* of money, the surpluses will never come back again.

But like the prizes offered in the television series Sale of the Century, which the Commission's operations much resemble, the surpluses will recur again and again, and so undoubtedly will the costs.

To begin with their recent EEC annual farm price review, which raised institutional prices by an average of 9½ per cent, have immediately widened the gap between world and EEC prices once again.

The Commission spokesman on agriculture was careful not to mention sugar, where the Commission made a tiny profit through export levies until recently. Now the world sugar market has fallen way below EEC price levels, and heavy export subsidies are being paid and will be needed to move the rest of this season's crop.

About six months ago, world grain prices were hardening significantly. Since then they have gone into reverse, and it is anyone's guess what will happen to them. Since October, the Chicago May price for wheat has fallen by 20 per cent and is *gradually slipping on reports of* rains in the wheat-growing states. The EEC export sub*sidies granted last week were* £46 per tonne for wheat and £23 for barley.

On dairying the situation is more complicated because of the subsidies for internal as well as external disposal. But it is certain that although the EEC herd is showing a fall in the latest census of 1.8 per cent over 1979, this will not compensate for the increase in average yield per cow. The agricultural spokesman did hope to see a freezing of one billion ECUS in the bill for the dairy regime—an opinion which some of his colleagues connected with the Budget accepted with some scepticism. Even if he is right the regime will cost about £100 for every cow in the Community herd.

With exports to third countries of 400,000 tonnes, the EEC is a large exporter of beef and veal. The major market is Eastern Europe and the USSR. The budgetary cost of the beef regime is comparatively modest, but there are widespread complaints from traditional exporters about the EEC dumping *meat around the world.*

Supporters of the Common Agricultural Policy claim that *in the present climate of world* population increase, farmers everywhere have a duty to *produce food. This is an* arguable case, but no one has come up with a sound reason why these hungry people should be fed at the expense of the EEC or anyone else.

It is claimed that the CAP provides a reserve of food for members of the Community in *times of shortages. But it can* equally be argued that except in 1974 for grain and sugar, and *in 1980-81 for sugar, world* prices for the major commodities have been well below EEC *levels. In fact there is a case* for producing rather less and topping up with world supplies.

A large proportion of sales, even at bargain prices, are going to the Russians, Eastern Europe and China. Does anyone suppose these countries wish to make these purchases a permanent feature? The fact that they have to be made at all is an indictment of their systems, and even at the low prices paid must be a drain on their resources, to be done away with as soon as possible.

Those who say that world food markets will never be in surplus again, should reflect that throughout history they have been in surplus more often than not. Every steep rise in price has invariably brought its *corresponding decline sooner* rather than later.

Iron ore price boost

BY ROY HODSON

THE JAPANESE steel industry has agreed to a price increase of 8.5 per cent for more than 16m tonnes of iron ore to be shipped from Australia this *year* and next.

The massive contract will influence world iron ore prices which have been low throughout the international recession in world steelmaking of the last two years. European steelmakers who are currently pressing for higher prices for finished steel products see the new Japanese contract as a *vindication of their argument* that the raw materials prices paid by their industry will rise from now on.

Amax Pacific Sales Corporation, acting on behalf of the Mount Newman Joint Ventures of Australia, has concluded the new long-term price increases with the Japanese customers.

Japan is also negotiating for the supply of direct reduced iron (DRI) from Mexico for use as an alternative steelmaking material to iron ore. The signs are that the Japanese steel industry—the second biggest in the non-Communist world after the U.S.—is preparing for a *revival in demand both at home* and in the export trade.

Producers agree on jute pact stance

AT THE Unctad *sponsored* three-day conference which began here on Monday world *jute producers seemed united* on the need for effective international action to fight the increasing inroads of synthetics into the natural fibres preserves and maintaining jute's share of the world packaging market.

The draft agreement on an international jute organisation prepared at the producers' January meeting in Dacca has been considered clause by clause. Despite some changes and modifications it has been *generally approved* at this week's meeting.

It has already been decided that the *headquarters of the* proposed organisation should be located in Dacca and that its first chief executive should be an Indian.

Indian Minister of State for Commerce, Mr. K. Urshid Alam Khan, *who set the keynote of* the conference on the need for international co-operation among jute producers said that India as the world's largest producer and exporter of jute goods was doing something on its own to improve the quality and competitiveness of jute goods in the world market but the old style of individualistic approach to the problem of competition offered by synthetic producers who have all the advantage of price flexibility, heavy investment on product development marketing and sales promotion *would no longer do. Jute pro*ducers had to combine and take joint action, he said. The delegate from Bangladesh agreed *with this view and so did the* delegates from Thailand and Nepal. However, Brazil and *Burma* are *not participating,* though China has sent an observer from its New Delhi embassy.

The conference will not be going into the key issues of price stabilisation through agreed minimum and maximum rates and a buffer stock to make this *action possible in any detail.* This is because consuming nations notably the U.S. and the EEC *are opposed to such* arrangements. Moreover they were not represented at the Calcutta conference.

The next meeting will be held in Geneva where these delicate questions are likely to be disclosed with consumer nations participating.

Sugar export subsidies lifted

THE EEC Commission stepped up subsidies on community sugar exports again yesterday giving extra ammunition to critics who claim its earlier *misjudgment of the market* has involved the EEC farm fund in unnecessary expense.

At the regular *weekly tender* export licences were granted on 68,250 tonnes of white sugar, slightly down from last week's 71,750 tonnes, but because of the continued decline in world prices it had to raise the export subsidy to 14.139 European currency units per 100 kilos against 11.734 ECUs.

Until last month the Commission was charging a levy on *sugar exports because world* prices were above the fixed EEC level. Some traders have sug*gested that it was too greedy* in the levels it set for levies with the result that it still has over 1m tonnes to dispose of at subsidised prices. This figure might have been much lower had more modest levies been charged before, they claim, adding that a more circumspect policy might also have resulted in greater total levy income.

Meanwhile world sugar *prices fell to new 13-month* lows yesterday, encouraged, according to some dealers, by *the EEC export allotments. On* the London futures market the August position slipped £7.475 to £196.90 a tonne. In the morning the London daily sugar price was fixed at £198 a tonne, down £2.

Platinum £ price raised

Rustenburg platinum mines' minimum sterling prices for platinum group metals were raised yesterday, due to the weakening of sterling against the dollar.

The new platinum price is £221 a troy ounce (£213.50), palladium £65 an ounce (£63), iridium to £279 from £269.50, and rhodium to £325.50 from £314.50. Prices were last raised in sterling terms on February 25.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Quietly steady on the London Metal Exchange with forward metal drifting from £848 to £843.5 before edging up to close the late Kerb at £845.5. Turnover: 19,400 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	825.5-6	-1.75	822.5-3	-3.75
3 months	845-.5	-1.5	842.5-3	-3.5
Settlem't	826	-2	—	......
Cathodes				
Cash	817-8	-2.75	816-20	-2
3 months	833-.5	-2.25	831.5-2	-3.25
Settlem't	818	-2.5	—	......
U.S. Prod.	—		*87-92	......

Amalgamated Metal Trading reported that in the morning cash wirebars *traded at £826, three months £848,* 47, 46.5, 47, 46, 45, 46, 45.5, 45, 45.5. Cathodes, cash £818, three months £834, 33. Kerb: Wirebars, three months £845, 44, 43. Afternoon: Wirebars, three months £843, 42, 42.5, 42, 43, 42.5, 42, 42.5, 43 Kerb: Wirebars, three months £843.5, 44, 45.

TIN—Easier as heavy speculative selling, coupled with offerings of cash metal, depressed forward metal to a day's low of £6,130 before short covering and physical interest prompted a rally to £6,180 on the late Kerb. Turnover: 920 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6160-70	-32.5	6130-50	-55
3 months	6180-5	-36.5	6175-80	-37.5
Settlem't	6170	-30	—	......
Standard				
Cash	6160-70	-32.5	6130-50	-55
3 months	6180-5	-36.5	6175-80	-37.5
Settlem't	6170	-30	—	......
Straits E.	‡$30.41	+0.01	—	......
New York	—		—	......

Morning: Standard, cash £6,170, three months £6,220, 10, 6,200, 6,195, 90, 85, 80, 75, 70, 75, 80, 85. Kerb: Standard, three months £6,170, 60, 50, 40, 30, 40, 50. Afternoon: Standard, three months £6,160, 65, 70, 75, 80, 75. Kerb: Standard, three months £6,185, 80.

LEAD—Barely changed in idle trading with three months closing the late Kerb at £349. Turnover: 19,675 tonnes.

Morning: Cash £344, 43.5, three *months £350, 49, 49.5, 50. Kerb: Three* months £350, 49.5, 49. Afternoon: Three months £349, 49.5, 50, 50.5, 52, 51. Kerb: Three months £352, 51, 50, 49.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	343-4	-3.75	344.5-5.5	+2.50
3 months	350-.5	-2	351.5-2	+5.50
S'ment	344	-3.50	—	......
U.S. Spot	—	......	*36	......

ZINC—Little changed in quiet and *routine trading with forward metal* closing the late Kerb at £379.5. Turnover: 3,650 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	368.5-9	-.25	368.5-9.5	+3
3 months	379-80	-1	379-.5	+2
S'ment	369	-1	—	......
Primw'ts	—	......	*43.5	......

Morning: Three months £380, 79.5. Afternoon: Three months £378.5, 79. Kerb: Three months £379, 79.5.

ALUMINIUM—Firmer owing to the fall in sterling which left forward metal at £647.5 on the late Kerb. Turnover: *4,475 tonnes.*

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Spot	630.5-1	+4.25	630.5-1.5	+4
3 months	648-.5	+3.5	648-.5	+4

Morning: Cash £630, 31, 30.5, three months £647, 48, 48.5, 48. Kerb: Three months £647, 46, *46.5.* Afternoon: Three months £647, 47.5, 48. Kerb: Three months £648.

NICKEL — Gained ground. Three *months lost ground in early trading as* a follow-through of selling from Tuesday depressed the price to £2,895. This level brought out good trade covering, however, and forward metal rallied strongly to close the late Kerb at £2,942.5. Turnover: 510 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
Spot	2870-5	-44	2910-20	+52.5
3 months	2915-20	-24	2949-50	+47

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

Morning: Three months £2,895, 2,900, 05, 10, 15. Kerb: Three months £2,915. Afternoon: Cash £2,905, three months £2,920, 35, 40, 50, 49.

SILVER

Silver was fixed 0.35p an ounce higher for spot delivery in the London bullion market yesterday at 519.45p. U.S. equivalents of the fixing levels *were: spot $11.22, down 5c: three*month $11.652, down 8.1c; six-month $12.119, down 8.7c; and 12-month $12.998, down 9.2c. The metal opened at *518-529p ($11.2-11.4) and closed at* 509-518p ($11.0-11.2).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	519.45p	+0.35	515.0p	-8
3 months	533.95p	-0.45	530.5p	-8
6 months	550.20p	-0.50	—	......
12 months	583.00p	-0.30	—	......

LME—Turnover 69 (82) lots of 10,000 ozs. Morning: Three months 533, *34, 33,* 32, 31. Kerb: *three months* 530, 29. Afternoon: cash 514.7; three months 530, 31. Kerb: three months 530.

COCOA

Futures remained steady on strong trade and Commission House support to close £15 up. Actuals business was rather scarce as producers remained *withdrawn although some offtake was* found from Continental buyers, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
May	952-953	+15.5	955-940
July	976-977	+17.5	977-962
Sept.	995-996	+17.0	996-982
Dec.	1014-1015	+15.0	1016-1005
March	1033-1034	+12.5	1035-1024
May	1048-1053	+13.0	1046-1040
July	1063-1072	+13.5	—

Sales: 2,256 (1,247) lots of 10 tonnes.

ICCO Futures—Daily price for April 14: 93.88 (93.46): five-day average 94.13 (94.26).

COFFEE

Encouraged by a steadier New York close, values opened slightly higher in mixed dealings, reports Drexel Burnham Lambert. Trade buying in the afternoon reflected lower sterling and further strength in the "C" market as prices advanced in quiet conditions.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
May	1063-65	+16.0	1063-50
July	1065-66	+17.0	*1066-52*
Sept.	1062-65	+13.0	1067-53
Nov	1060-62	+12.0	1063-52
Jan	1059-63	+8.5	1056-54
March	*1055-60*	+12.5	—
May	1048-65	+16.5	—

Sales: *974* (6,781) lots of 5 tonnes.

ICO Indicator prices for April 14: (U.S. cents per pound): Other Mild Arabicas 126.00 (124.83); Robustas ICA 1976 111.50 (111.75); ICA 1968 118.75 (112.00). Unwashed Arabicas unquoted. Comp. daily ICA 1968 unquoted.

GAS OIL FUTURES

The market tried to break out on *the downside on quiet trading early* in the day. It rallied towards the close on short-covering following a steady New York opening. The physical market was very quiet, reports Premier Man.

Month	Yesterd'ys close	+ or —	Business Done
	$ U.S. per tonne		
June	290.75	-1.00	291.00-89.00
July	294.75	-1.00	295.25-95.50
August	300.50	-0.25	301.00-299.25
September	306.75	—	307.00-04.50
October	313.00	—	313.00-10.50
November	318.75	-0.25	319.25-18.75
December	324.00	-1.00	324.25-24.00
January	328.00	-1.00	328.00-26.00
February	331.00	-1.50	330.00

Turnover: 498 (772) lots of 100 tonnes each.

GRAINS

LONDON GRAINS—Wheat: U.S. *Dark Northern Spring No. 2,* 14 per cent, May 105.00, June 104.75 transhipment East Coast sellers. U.S. Hard Winter, 13½ per cent, May *105.00, June 103.75 transhipment East* Coast seller. English Feed fob Oct. 107 paid South Coast. Maize: French, April 125.50 transhipment East Coast. S. African Yellow *April/May* 85.50 seller. Barley: English Feed fob April 101.75 paid East Coast, May 104.50 seller East Coast, Aug. 98.50 seller South Coast and 96.78 seller East Coast, Sept. 98.00 seller East Coast. Rest unquoted.

HGCA — *Locational ex-farm spot* prices. Other milling wheat: E. Midlands 116.00. Feed barley: Eastern 100.00, E. Midlands 100.00, N. East *98.50, Scotland 99.40. The UK Monetary* Coefficient for the week beginning Monday April 20, is expected to remain unchanged.

Old crop wheat opened £1.00 lower. Country and commercial buyers rallied the market, and further short-covering pushed values higher but selling again depressed the market to close 80p-90p down on the day. May barley opened 25p lower. Values held about steady closing 10p down in quiet trading. New crops opened 10p down. Values improved 25p-30p on wheat. Barley values remaining at unchanged to 5p lower due to some hedge selling, Acli reports.

WHEAT Mnth	Yesterd'ys close	+ or —	BARLEY Yesterday close	+ or —
May	117.50	-0.98	99.80	-0.10
July	119.50	-0.80	—	......
Sep.	102.15	+0.25	95.70	-0.05
Nov.	105.65	+0.25	99.40	+0.05
Jan.	109.70	+0.35	102.90	......
Mar.	113.40	+0.30	106.50	-0.05

Business done—Wheat: May 118.00-117.35, July 112.00-119.30, Sept. 102.15-101.80, Nov. 105.65-105.25, Jan. 109.50-109.40, March 113.25 one trade. Sales: *228 lots of 100 tonnes. Barley: May* 99.80-99.65, Sept. 95.75 one trade, Nov. 99.40-99.35, Jan. 102.80 one trade, March no trades. Sales: 74 lots of 100 tonnes.

RUBBER

The London physical market opened easier, with fair terminal interest throughout the day, closing slightly steadier. Lewis and Peat reported an fob May price for No. 1 RSS in Kuala Lumpur of 264.5 (269.0) cents a kg and SMR at 242.0 (245.0).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
May	53.80-54.00	55.80-55.40	—
June	55.00-56.00	54.00-55.80	—
Jly-Sept	57.60-57.80	57.50-57.50	57.80-56.90
Oct-Dec	60.00-60.90	60.50-60.40	61.00-60.00
Jan-Mar	65.70-65.80	65.30-65.40	65.90-65.50
Apl-Jne	66.50-66.60	66.20-66.30	68.60-66.40
Jly-Sept	68.20-68.60	68.00-68.20	—
Oct-Dec	72.20-72.50	71.60-72.30	72.20
Jan-Mar	75.00-75.20	74.70-75.00	—

Sales: 232 (413) at 15 tonnes, nil (same) at five tonnes: Physical closing prices (buyer) were: Spot 52.75p (53.00p), May 56.00p (same), June 56.50p (56.75p).

SOYABEAN MEAL

The market opened slightly better than renewed Commission House interest, reports T. G. Roddick. *Rumours of the lifting of the USSR* embargo kept prices steady in thin conditions.

	Yesterdys Close	+ or —	Business Done
	£ per tonne		
April	152.00-54.0	......	154.00
June	150.20-50.9	-0.10	—
August	153.50-53.6	-0.25	154.00-153.40
October	155.40-55.6	-0.05	156.00-155.50
December	156.50-58.0	+0.25	157.00
February	157.50-40.0	+0.50	—
April	158.50-42.0	......	

Sales: 43 (80) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £198.00 (£200.00) a tonne cif April-May shipments. White sugar daily price *£211.00 (£221.00).*

The market opened £3 below overnight levels and quotations were thereafter contained within a £2 trading range throughout the day, reports C. Czarnikow.

No. 4 Contract	Yest'rdy's Close	Previous Close	Business Done
	£ per tonne		
May	196.10-96.50	204.50-04.75	205.00-195.0
Aug.	198.30-97.00	204.25-04.50	204.50-195.0
Oct.	198.25-98.35	205.75-04.00	204.50-196.0
Jan.	197.00-99.00	200.00-03.00	205.00-194.0
March	198.50-98.75	201.00-01.95	203.00-194.0
May	198.50-99.50	201.00-03.00	202.25-196.0
Aug	198.50-200.0	202.00-05.00	198.00-197.0

Sales: — (8,470) lots of 50 tonnes.

Tate and Lyle ex-refinery price for *granulated basis* white sugar was £342.6 (same) a tonne for home trade and £272.50 (£273.50) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean port. Prices for April 14: Daily price 17.95 (18.27): 15-day average 20.14 (20.47).

WOOL FUTURES

SYDNEY GREASY WOOL—*Close* (in order: Buyer, seller, business). Australian cents per kilo. May 493.2, 494.0, 494.0-493.5; July 492.0, 492.5, *493.0-492.0; Oct. 487.0, 489.0,* 489.5-488.0; Dec. 492.0; 492.5, 492.5-491.1; March 500.0, 501.0, 501.0-500.5; May 503.0, 504.0, 504.0; July 507.0, 510.0, *nil; Oct. 508.0, 510.0, nil. Sales: 114.*

LONDON NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business). New Zealand cents per kilo. May 355, 358, 356; Aug. 384, 368, nil; Oct. 386, 388, 387-385; Dec. 374, 376, 376-375; Jan. 376, 380, nil; March 381, 383, 382; May 385, 389, 388; Aug. 389, 393, 390; Oct. 393, 396, nil. Sales: 24.

POTATOES

LONDON POTATO FUTURES—All positions traded in a very narrow *range, with switch trading and profit*-taking the most notable features. Closing prices: Nov. 55.90, −0.1 (high 56.00, low 55.80); Feb. 63.20, *+0.1 (high 63.20, low 62.70)*; April 70.30, +0.1 (high 70.40, low 70.00). Turnover: 113 (106) lots of 40 tonnes.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 444 tonnes, bringing the total for the week so far to 1,018 tonnes. Fresh buying persisted in a wide variety of qualities. Additional support was evident in American type growths, including *Middle* Eastern and African styles.

★

GRIMSBY FISH—Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £4.00-£5.40, codlings £3.20-£3.60; *large haddock £5.20-£5.40, medium* £3.40-£4.00, small £2.50-£3.50: large plaice 5.30, medium £3.00-£4.40, best small £2.60-£3.40: medium skinned dogfish £3.00; *large lemon soles £8.50,* medium £7.50; saith £2.00-£3.30.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotchkilled sides [illegible] to 80.0: Ulster *hindquarters 93.0 to 95.0; forequarters* 64.0 to 58.0: Eire hindquarters 90.0 to 94.0, forequarters 54.0 to 57.0. Veal: Dutch hinds and ends 116.0 to 124.0.

Lamb: English small 70.0 to 80.0, medium 70.0 to 76.0, heavy 64.0 to 74.0; *Imported Frozen: NZ PL 62.0 to* 63.0, PM 60.0 to 61.0. Pork: English, 100 lb 47.0 to 51.5, 100-120 lb 45.5 to 51.0, 120-160 lb 42.0 to 49.0.

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Oranges—Jaffa: *Shamouti/V. Lates 50/189* 4.85-5.25: Spania: Navels 48/100 4.20-4.80; Cyprus: V. Lates 80/120 3.30-3.50; Moroccan: Lates 64/113 3.70-4.50. *Lemons—Spania:* Trays 25/54 1.50-2.00: Cyprus: 10-kg 4.00-4.40: Californian: 95/140 6.50: Italian: 100/120 4.00: S. African: 80/100 5.80: Jaffa: 5.80. Grapefruit—Cyprus: 20-kg 40/64 3.40-3.80; Jaffa: 20-kg 36 4.45, 40 4.50, 48 4.85, 56 4.40, 64 4.05, 75 3.85. Topaz—Jaffa: 22-lb 40/80 4.20-5.20. Apples—S. African: Golden Delicious 8.20-9.00, Starking 6.60-7.40: Chilean: Granny Smith 7.20-7.40; Canadian: Red Delicious 135/150 7.50-8.50; U.S.: Red Delicious 8.50-9.50; Belgian: 28-lb, per pound Cox's 0.10-0.14; French: Stark Crimson 40-lb 5.40-6.50; 20-lb 72 2.80, 84 2.40, Granny Smith 40-lb 5.80-7.00, 20-lb 72 3.50, 84 3.00, Golden Delicious 40-lb 125/175 4.00-5.00; 20-lb 72 2.60, 84 2.20; Italian: 40-lb Romes 60/70 4.80-4.80; Dutch: 28-lb, per pound 0.09-0.14; New Zealand: Cox's Orange Pippins 150/180 10.00. Pears—Dutch: Conference per pound 0.14; Italian: *Passacrassana 0.12-0.14; S. African:* Packhams 6.50-7.50, Beurre Hardy 5.50-6.40, Beurre Bosc 5.50; Australian: Williams Bon Chretien 40-lb 9.00. *Grapes—S. African: 9-lb Barlinka 3.50*-3.80, New Cross 6.80; Chilean: 10-lb Italia 9.00, Thompson 7.50, Ribier 5.00. Melons—Chilean: 15-lb 6/13 10.00-12.00. Strawberries—Israeli: Per punnet 8oz 0.50; Italian: 8oz 0.40; U.S.: 12oz 1.10; Spanish: 8oz 0.40. Pineapples—Ivory Coast: Each 0.45-1.00; S. African: to arrive. Bananas—Colombian: Per pound 0.17-0.18. Avocados—Florida: 20/24 6.50: S. *African: 16/18 3.80-4.00.* Tomatoes—Canary: 7.50-8.00; Dutch: 13-lb 8.80. Onions—Dutch: 4.20-5.20: Chilean: case 50-lb 6.80-7.00. Potatoes—Italian: New crop 2.00: Egyptian: 44-lb Edwards 5.00-5.40; Canary: 55-lb King Edwards 7.20; Cyprus: 44-lb bags 5.20. Cucumbers—Dutch: 3.60-4.00. Capsi*cums—Canary: 8-kg green 5.00, red* 9.00. Chicory—Belgian: Per box 2.20-2.40. Celery—Spanish: 18/36 3.80-4.20; American: 30 5.00. Fennel—Italian: 20-lb 6.50. Aubergines—Canary: 6-kg 5.00. Carrots—Texas, 48 x 1-lb per pack 7.20; Dutch, new 22-lb 4.50; Cyprus: 22-lb 2.20.

English Produce: Potatoes—Per bag 1.80-2.40. Mushrooms—Per pound 0.60-0.60. Apples—Per pound Bramleys 0.06-0.14, Spartans 0.12-0.15.

PRICE CHANGES

	Apr. 15 1981	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1580/1410	......	$1470/500
Copper			
Cash w'bar	£822.75	-3.75	£825
3 mths	£842.75	-3.5	£844.75
Cash Cathode	£817	-2	£818
3 mths	£831.75	-3.25	£832.75
Gold troy oz	$474.5	-11	$509.5
Lead Cash	£345	+2.5	£322.75
3 mths	£351.75	+3.5	£328.25
Nickel	£3,379.50	......	£3,358.66
Freemkt	*290/305c*	......	*275/298c*
Platin'mtr'y oz	£213.5	......	£213.5
Freemkt	£212.10	-1.7	£228.75
Quicksilvert	*$410/420*	......	*$415/425*
Silver troy oz	519.45p	+0.35	565.80p
3 mths	533.95p	-0.45	582.00p
Tin Cash	£6,140	-65	£6,215
3 mths	£6,177.5	-57.5	£6,247.5
Tungsten 22.04lb	$149.08	......	$146.23
Wolfrm 22.04 lbs	$144/147	......	$150/154
Zinc Cash	*£369*	+3	£339.5
3 mths	£379.25	+2	£349.25
Producers	$875	......	$825
Oils			
Coconut (Phil)	$532.5x	......	$590
Groundnut	‡	......	‡
Linseed Crude	£406	......	£413
Palm Malayan	$580x	+10	$595
Seeds			
Copra Philip	$375	......	$380
Soyabean (U.S.)	$315	......	$315
Grains			
Barley Futures	‡	......	£101
Maize			
French	£125	-0.5	£125.5
Wheat			
No 1 Red Spg.	‡	......	‡
No2 HardWint	£105v	-0.25	£103.25
Eng. Millingt	‡	......	‡
Other commodities			
Cocoa ship't	£1,062	+29	£1,043
Future July	*£976.5*	+17.5	*£947.5*
CoffeeF't July	£1065.5	+17	£1019
Cotton A.Index	88.40c	-0.2	91.30c
Rubber (kilo)	52.75p	-0.25	56.5p
Sugar (Raw)	*£198x*	-2	*£243*
Woolt'ps 64s kl.	324p kilo	......	318p kilo

‡ Unquoted. u May-June. x June. w April-May. v May. † Per 45-lb flask.

AMERICAN MARKETS

Tuesday's closing prices

NEW YORK, April 14.

The precious metals showed gains on profit-taking and short-covering. Copper rallied on reports of a strike in Chile. Sugar sold off ahead of the EEC selling tender tomorrow. Cotton was weak due to rains in Texas. A firm tone to cash rallied cattle, while hogs were under pressure from profit-taking and local liquidation, reported by Heinold.

††Cocoa—May 1965 (1935), July 2026 (1995), Sept. 2082, Dec. 2145, March 2200, May 2244, July 2294. Sales: 2,748.

Coffee—"C" Contract: May 123.90-124.00 (121.70), July 123.50-123.80 *(122.91). Sept. 123.99, Dec. 121.50*-121.80, March 119.80-120.00, May 120.00-121.00, July 119.25-120.50, Sept. 119.25-125.00. Sales: 1,740.

Copper — April *81.10* (79.55), May 81.70-81.83 (80.30), June 82.90, July 84.05-84.20, Sept. 86.60-86.70, Dec. 90.10, Jan. 91.25, March 93.45, May 95.55, July 97.70, Sept. 99.85, Dec. 103.00, Jan. 104.20. Sales: 8,000.

Cotton—No. 2: May 87.70 (88.29), *July 88.90-89.00 (89.29), Oct. 85.70,* Dec. 82.95, March 84.05, May 84.50-85.00, July 85.25-85.75. Sales: 8,500.

*Gold—April 483.2 (478.0), May *486.0 (481.0)*, June 491.5-493.0, Aug. 503.0-506.0, Oct. 516.0-516.5, Dec. 528.0-530.0, Feb. 542.2, April 554.0, June 567.0-568.0, Aug. 581.1, Oct. 594.3, Dec. 607.7, Feb. 621.3. Sales: 35,000.

Heating oil (cents per U.S. gallon)—May 0.9555 (0.9532), June 0.9628 (0.9605), July 0.9734, Aug. 0.9830, Sept. 1.0000, Oct. 1.0210, Nov. 1.0365, Dec. 1.0580, Jan. 1.0790, Feb. 1.0950, *March 1.1175, April 1.1250, May 1.1275.* Sales: 2,168.

Orange Juice—May 136.50 (140.65), July 140.10-140.70 (144.05), Sept. *141.00-141.60, Nov. 142.50, Jan. 142.50,* March 142.50, May 143.45-143.50, July 144.45-144.65, Sept. 144.50-145.25. Sales: 2,500.

**Platinum — April 560.0 (452.0),* May nil (nil), June nil, July 472.0-473.0, Oct. 492.0, Jan. 510.0, April 528.0. Sales: 1,515.

Potatoes (round whites)—Nov. 74.5 (77.8), Feb. 84.0 (87.5), March 88.5, April 102.2. Sales: 210.

¶Silver—April 1131.5 (1117.5), May 1137.0-1139.0 (1125.0), June 1153.5, July 1166.0-1170.0, Sept. 1201.0, Dec. 1248.5, Jan. 1264.0, March 1295.5, May 1327.0, July 1358.5, Sept. 1390.0, Dec. 1437.5. Handy and Harman bullion spot: 1130.00 (1090.00). Sales: 6,200.

Sugar—No. 11: May 17.70-17.80 (18.29), July 17.90-17.95 (18.46), Sept. 17.99, Oct. 18.10-18.15, Jan. 18.00-18.20, March 18.25-18.30, May 18.40, July 18.50-18.55, Sept. 18.65-18.85. Sales: 12,935.

Tin—*621.00-630.00 (619.00-627.00).*

CHICAGO, April 14.

Chicago Imm Gold—April 483.5 (478.0), May nil (nil), June 491.9-493.0, July 498.7, Sept. 510.9-511.2, Oct. 517.4, Dec. 529.8-530.0, Jan. 536.2, March 548.9, April 555.3.

Lard—Chicago loose 19.25 (19.50).

Live Cattle—April 65.95-65.30 (65.22), June 69.65-69.75 (69.15), Aug. 70.05-69.97, Oct. 68.80-68.75, Dec. 69.60-*69.65, Feb. 70.75, April 71.25.*

Live Hogs—April 43.25-43.42 (43.05), June 50.40-50.50 (51.20), July 53.60-53.45, Aug. 54.30-54.10, Oct. 54.70-54.40, Dec. 57.50-57.00, Feb. 58.00-57.90, April 57.30, June 59.50.

‡‡Maize—May 363¼-362½ (363¾), July 373-373½ (375¾), Sept. 380½-380¼, Dec. 384-383¼, March 394, May 400½.

Pork Bellies — May 58.85-58.60 (60.02), July 59.90-60.10 (61.22), Aug. 59.40-59.60, Feb. 71.90-72.50, March 72.40, May 74.90, July 76.10.

†Soyabeans—May 768-769 (769½), July 793-794 (795¼), Aug. 804, Sept. *810½, Nov. 827½-826½, Jan. 847, March* 867-868, May 883.

¶Soyabean Meal—May 218.8-219.0 (218.74), July 227.6-227.8 (227.6), Aug. 231.0, Sept. 234.2-234.5, Oct. 238.0, Dec. 242.0-241.6, Jan. 244.6-245.0, March 249.5, May 252.0-252.5.

Soyabean Oil — May 24.05-24.03 (24.35), July 24.86-24.90 (25.05), Aug. 25.20-25.25, Sept. 25.50-25.60, Oct. 25.91-25.85, Dec. 26.50, Jan. 26.65-26.70, *March 27.30-27.40, May 27.80*-27.90, July 28.30-28.40.

†Wheat—May 432¼-432½ (433¼), July 437½-437 (437¾), Sept. 452, Dec. *476-476½, March 496-495½, May 507.*

WINNIPEG, April 14.

§Barley—May 147.20 (147.30), July *149.50 (149.30), Oct. 147.70, Dec.* 147.80, March 147.90.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 259.92 *(258.32).*

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen. †† $ per metric ton.

EUROPEAN MARKETS

ROTTERDAM, April 15.

Wheat—U.S. Two Dark Hard Winter *13.5 per cent May $210, June/July* $209. U.S. No. Two Red Winter May $200, June $195, July $190. U.S. No. Two Northern Spring 14 per cent April $212, *April/May/June/July $211.* Aug. $212, Sept. $213, Oct. $218, Nov. $221.

Maize—U.S. No. Three Corn Yellow afloat $164.50, April $164.50, May $164, June $167.50, July/Sept. $172.75, Oct./Dec. $175.50, Jan./March $185.25.

Soyabeans—U.S. Two Yellow Gulfports April $309.50, May $309.50, June $313.50, July $317, Aug. $320.50, Sept. $324, Oct. $328, Nov. $328.50, Dec. $335, Jan. $340.50, Feb. $346, March $350. Options May $306, June $308, July $309 sellers.

Soyameal—44 per cent protein U.S. afloat $274, April $268.50, May $268.50, *April/Sept. $275 traded, afloat $274,* April/May $268.50, June $273, April/Sept. $275, Nov./March $297 sellers. Brazil Pellets April $280, May $279 *traded, afloat $282.50. April $280, May* $279, June $285, April/June $284, May/Sept. $288 sellers.

PARIS, April 15.

Cocoa—(FFr per 100 kilos): May 1040-1060, July 1065-1085, Sept 1101-1103, Dec. 1115-1125, March 1140-1160, May 1161-1175. Sales at call: one.

Sugar—(FFr per tonne): May 2328-2329, July 2260-2310, Aug. 2255, Oct. 2222-2225, Nov. 2180-2220, Dec. 2185-2200, March 2185-2205, May 2190-2230. Sales at call: 13.

INDICES

FINANCIAL TIMES

April 14	April 13	Month ago	Year ago
260.29	260.33	257.79	285.03

(Base: July 1, 1952=100).

MOODY'S

April 14	April 13	Month ago	Year ago
1120.0	1118.7	1129.7	1154.5

(December 31, 1931=100)

DOW JONES

Dow Jones	April 14	April 13	Month ago	Year ago
Spot	410.28	411.62	420.57	418.07
Fut'rs	418.45	420.70	430.56	429.92

(Average 1924-25-26=100).

REUTERS

April 15	April 14	M'nth ago	Year ago
1691.9	1696.5	1708.6	1724.8

(Base: September 18, 1931=100)

LONDON STOCK EXCHANGE

Holiday considerations again a restraining influence but markets maintain firm undertone—Vickers strong

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Mar. 30	Apr. 8	Apr. 9	Apr. 21
Apr. 10	Apr. 29	Apr. 30	May 11
May 1	May 14	May 15	May 26

* "New time" dealings may take place from 9 am two business days earlier.

Easter holiday influences restricted activity in the two main investment areas of London stock markets yesterday. Specialist factors, however, and a long list of companies due to announce trading statements caused a lively interest in *selected equity sectors.*

Expected Government moves to allow companies to compete with British Telecom to establish *private communications* networks drew investors to **STC** and **Telephone Rentals**, while the absence of any surprises in the White Paper on Defence helped Electrical and Electronic shares to steady after a particularly nervous morning session. **Vickers** stood out with a rise of 9 to 185p.

The main body of leading equities opened at around overnight prices and, despite the dearth *of investment activity,* managed to hold close to these levels. During market hours, movements in the FT Industrial *Ordinary share index were* all marginally easier, but the index picked up after hours to end 0.3 higher on balance at 549.1. Sentiment improved late on the announcement of *cyclical indicators* strengthening the view that the UK economy may be on the upturn.

Considerations about the four-day Easter holiday were a particular deterrent to potential buyers of Government securities, the market in which was still acutely aware of last Friday's broking failure. Nonetheless, small offerings were absorbed without much difficulty and most quotations recorded modest gains. **Treasury** 2 per cent index-linked traded more briskly than recently and rose ¼ to the highest level yet of 35½.

Business in Traded options remained disappointing and contracts *done amounted to only* 529. **P & O** attracted a reasonable level of activity and recorded 133 deals.

Minet gained 10 to 112p following the better-than-expected preliminary profits and the Board's confident statement. Other Lloyds brokers improved in sympathy with **Hogg Robinson**, 120p, and **Stenhouse**, 84p, adding 4 apiece. **Willis Faber** firmed 7 to 327p and **C. E. Heath** 10 to 250p. In contrast, Life and Composite Insurances presented a drab appearance. **Pearl**, marked a couple of pence higher on the preliminary results, drifted off to close 4 cheaper on balance at 462p. **Commercial Union** shed 4 to 158p and **Royals** 5 to 370p, while **General Accident**, *350p, and* ***GRE***, *342p, both* lost 6.

The major clearing banks closed narrowly mixed. *Elsewhere,* ***Arbuthnot Latham*** attracted support and rose 10 to 280p, while **Mercury Securities**, up 14 on Tuesday on the possible *sale of its metal trade* subsidiary, improved 3 more to 245p.

Significant movements in Buildings were confined to secondary issues. **Robert M. Douglas** attracted speculative buying on vague takeover rumours and gained 9 to 117p, while **French Kier** improved 3 to 69p on institutional support. Persistent small buying left **John Mowlem** 7 dearer at 164p, but **Ibstock Johnsen** lacked support and shed 4 to 74p. Demand ahead of the annual results, due at the end of the month, *lifted* **Newarthill** 7 to 437p, while speculative interest prompted a gain of 4 at 35p in **Heywood Williams**. **Aberthaw Cement** firmed 5 to 232p on second *thoughts about the preliminary* results, but **Richards and Wallington** shed 2 to 20p on the annual loss and dividend omission. Dealings in **George M. Callender** were suspended at 64p at the company's request: discussions are taking place which may lead to an offer for the company.

Bambers dull

Among *Chemicals*, **Yorkshire** attracted small buying and, in a market none-too-well supplied with stock, rose 4 to 37p. **ICI** *held at 266p, but* ***Fisons*** *eased 3* to 152p.

Business in leading Stores remained at a low ebb and movements were usually restricted to a couple of pence either way. *Secondary counters closed a* shade firmer for choice. Press comment aided **Arthur Henriques**, 2 up at 21p; the annual results are due today. ***Lee*** **Cooper** returned to favour and rose 6 at 198p, while **Vantona** firmed 2 to 121p. **L. J. Dewhirst** advanced 5 to 86p *following the* increased preliminary profits and dividend together with the proposed one-for-three scrip issue, but comment on the annual results left **Home Charm** 5 cheaper at 115p and **Bambers** a similar amount down at 72p, *after 70p. Profit-taking clipped* 6 more from **Waring and Gillow**, 164p. Shoes were featured by **Ward White** which attracted *buyers and rose 6 to 72p.*

Activity in the Electrical sector centred chiefly on defence issues which encountered early *nervous offerings before staging* a partial rally following the Government's Defence White Paper. **Plessey**, down to 316p at *one stage*, closed 5 lower on balance at 320p, while **GEC** ended 4 cheaper at 673p, after 670p and **Racal**, 3 off at 370p, after 368p. **Ferranti** dipped to 532p before settling without alteration at 550p. **United Scientific** were good at 398p, up 15, while **Air Call** responded to the annual results with a rise of 15 to 190p. **Telephone Rentals**, up 17 at 344p, after 355p, and **STC**, 7 higher at 525p, reflected hopes that the Government will allow the establishment of private communications networks to compete with British Telecom. Elsewhere, **Audio Fidelity** fell 3 to 21p on the interim loss.

Publication of the Government's White Paper on defence relieved fears of further cutbacks on expenditure in this area and encouraged buying of **Vickers**, which advanced 9 to 185p, and **Westland**, up 6 at 142p. Elsewhere in Engineers, **Hawker** closed a few pence lower at 338p following preliminary results in line with expectations. *Still* reflecting disappointment with the half-yearly figures, **Martonair** eased 3 more to 260p. **Davy** ***Corporation*** *reacted 4 further to* 168p. Occasional support lifted **GM Firth** 3 to 60p.

With the notable exception of **J. Sainsbury**, which shed 5 to 410p, leading Foods held close *to overnight* levels. **British Sugar**, a couple of pence easier at one stage, picked up on the appearance of a solitary buyer to close *3 dearer on balance at 305p.* Elsewhere, renewed demand in a thin market lifted **Somportex** 50 to 850p. **G. F. Lovell** reverted to *72p, after 74p, following the* lower annual profits.

Utd. Carriers good

Miscellaneous industrial leaders drifted lower in quiet trading, but losses were limited to a few pence. **Bowater** became a less volatile market as recent speculative interest died down and the close was 2 cheaper at 276p. Elsewhere, **United Carriers** featured with a rise of 14 to 160p in response to the increased dividend and annual profits. Favourable Press mention left **Thomas Tilling** 7 to the good at 182p, after 184p, while **Cosalt** firmed 3 to 37p despite lower annual profits. Buyers showed *interest in* ***F. Austin (Leyton)***, which gained 3½ to 12½p, while **Brengreen** were also wanted at 59p, up 5. **Petrocon** rose 6 to 38p; *NCC sold its 29.9 per cent* stake in the company earlier this week. Other noteworthy movements included **Oakwood**, *10 higher at 120p, and* ***Watshams***, 7 dearer at 395p. **Kalamazoo**, in contrast, eased 3 to 66p following the reduced interim dividend *and profits.*

Westward Television gained 3 to 23p following the 24p per share cash bid from Television South West, a private company. **Associated Leisure** firmed 4 to 139p and **Hawley Leisure** 2 to 61p, but **Intervision**, a rising market of late on the outlook for the video industry, eased 2 to 62p.

Lucas continued to attract support on recovery hopes and closed 4 to the good at 209p. **Flight Refuelling** rose 8 to 355p following U.S. acquisition news; the annual results are expected next Thursday. Also in Components, interest was noted for **Bluemel**, 5 dearer at 44p, while **Solex (UK)**, which disclosed a full-year loss on Tuesday, rallied a penny to 50p. Elsewhere, **British Car Auction** dipped to 82p in immediate response to the £2.18m rights issue, but consideration of the profits forecast and dividend intentions saw the share rally and close 3½ up on balance at 86½p.

Trending easier for most of *the session, leading Properties* picked up to close little changed. Elsewhere, **London Shop Property Trust** firmed 4 to 140p on *suggestions* that McLeod Russel, which holds a 20 per cent stake in the company, may launch a bid. **M. P. Kent** improved 3 to 146p in front of today's interim results, but **Rosehaugh** eased 4 to 288p despite the company's rights issue denial.

Oils passed a subdued trading session with the majority of quotations drifting lower.

Textiles remained quiet, although scattered support was evident for recently depressed carpet concerns. **Blackwood Morton**, 13p, ***Victoria***, *19½p, and* **Carpets International**, 26p, all added around 2. **Albert Martin** eased the turn to 30p following the *annual loss and omitted* dividend.

Rothmans were again in demand on hopes of an imminent statement *concerning the talks* with R. J. Reynolds and the shares rose 4 for a two-day gain of 8½ to 86p.

Ashton Stocks firm

Participants in the Australian Ashton diamond venture moved ahead strongly following the latest quarterly report from **CRA**, as well as comment from **Northern Mining**.

The latter, which has a 5 per cent interest in the venture, moved up 15 to 175p and the partly-paid shares a like amount to 162p. **CRA**, the major partner, touched 246p before closing a net 7 up at 243p, while **Ashton Mining** added 4 to 128p.

In *Coals*, **Oakbridge** hardened 2 to 145p following a placing of shares marginally above current market prices.

The uncertain situation concerning the Rundle oil-shale deposit coupled with Press comment regarding the New South Wales inquiry into the possibility of insider trading prompted a further lowering of **Central Pacific** and **Southern Pacific**. The latter lost 3 more to 47p and the former 5 to 115p.

Elsewhere, **Metramar** jumped 9 to 33p following a sharp rise in overnight down-under markets which triggered speculative London interest.

South African Golds made modest progress at the outset, sustained by the initial steadiness of the bullion price, but subsequently eased back to close little changed on balance as the metal retreated to end $11 down on the day at $474.50 an ounce. The Gold Mines index edged up 1.5 to 342.9.

Financials showed **Rio Tinto-Zinc** 3 up at 463p on further consideration of the 1980 results. **Transvaal Consolidated Land** dropped ½ to £24 in the wake *of the riots at the company's* asbestos mine in the Transvaal.

FINANCIAL TIMES STOCK INDICES

	Apr. 15	Apr. 14	Apr. 13	Apr. 10	Apr. 9	Apr. 8	A year ago
Government Secs.	69.23	69.25	69.10	69.68	69.37	69.47	66.62
Fixed Interest	71.13	71.10	71.08	71.17	71.30	71.36	66.75
Industrial Ord.	549.1	548.8	546.6	551.3	549.8	539.4	443.1
Gold Mines	342.9	341.4	328.3	355.5	347.7	339.3	293.6
Ord. Div. Yield	5.98	5.97	5.99	5.96	5.98	6.09	7.93
Earnings, Yld. %(full)	11.62	11.61	11.61	11.55	11.81	12.03	19.48
P/E Ratio (net) (*)	10.78	10.79	10.79	10.85	10.57	10.37	6.28
Total bargains	21,074	22,750	27,147	25,600	27,747	28,191	16,643
Equity turnover £m.	—	117.07	138.54	179.21	217.64	164.2	81.36
Equity bargains	—	15,517	18,547	20,933	23,365	20,749	11,229

10 am 548.6. 11 am 548.3. Noon 548.0. 1 pm 547.5.
2 pm 547.9. 3 pm 547.9.
Latest Index 01-246 8026.
*Nil=9.96.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (20/3)	68.05 (16/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int	72.01 (20/3)	69.98 (16/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	551.3 (10/4)	446.0 (14/1)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	421.1 (16/1)	281.4 (29/1)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Apr. 14	Apr. 13
—Daily		
Gilt Edged Bargains	205.4	192.7
Equities Bargains	100.5	120.2
Value	236.6	280.0
5-day Avrge.		
Gilt Edged Bargains	188.4	188.6
Equities Bargains	128.4	137.0
Value	330.1	342.8

LEADERS AND LAGGARDS

Percentage changes since December 31, 1980, based on Tuesday, April 14, 1981.

Contracting, Construction	+42.64	Electricals	+13.34
Hire Purchase	+37.26	Insurance (Composite)	+12.74
Packaging and Paper	+33.58	Health and Household Products	+12.27
Other Industrial Materials	+29.09	*Insurance Brokers*	+12.20
Textiles	+27.11	Property	+11.72
Mechanical Engineering	+26.08	Brewers and Distillers	+11.40
Building Materials	+25.10	Motors	+10.32
Metals and Metal Forming	+24.24	Financial Group	+ 9.32
Leisure	+21.53	*Overseas Traders*	+ 8.88
Capital Goods	+21.32	500-Share Index	+ 8.53
Engineering Contractors	+20.26	All-Share Index	+ 8.48
Other Consumer	+20.23	Investment Trusts	+ 8.15
Office Equipment	+19.67	Stores	+ 7.96
Food Manufacturing	+19.50	*Merchant Banks*	+ 6.83
Shipping and Transport	+16.50	Other Groups	+ 4.61
Tobaccos	+15.74	Discount Houses	+ 3.85
Industrial Group	+15.52	Mining Finance	+ 1.79
Insurance (Life)	+15.34	Banks	+ 1.30
Food Retailing	+14.81	Chemicals	− 6.58
Consumer Group	+14.47	Oils	−14.31
Newspapers, Publishing	+14.37	Gold Mines Index	−16.22

NEW HIGHS AND LOWS FOR 1981

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1981.

NEW HIGHS (153)

BRITISH FUNDS (5)
INTERNATIONAL BANK (1)
CORPORATION LOANS (1)
AMERICANS (5)
BANKS (1)
BUILDINGS (15)
CHEMICALS (2)
DRAPERY & STORES (5)
ELECTRICALS (7)
ENGINEERING (13)
FOODS (3)
HOTELS (1)
INDUSTRIALS (29)
INSURANCE (5)
LEISURE (5)
MOTORS (9)
NEWSPAPERS (5)
PAPER (3)
PROPERTY (2)
SHIPPING (4)
SHOES (1)
TEXTILES (7)
TOBACCOS (1)
TRUSTS (18)
OVERSEAS TRADERS (1)
RUBBERS (1)
TEAS (1)
MINES (2)

NEW LOWS (14)

AMERICANS (1)
Damson Oil
BANKS (1)
Standard Chartered
INDUSTRIALS (1)
Gieves Group
PROPERTY (1)
Beaumont Properties
TRUSTS (1)
Energy Finance
OILS (7)
Floyd Oil — Ranger Oil
Hunting Petroleum — Tricentrol
Magnet Metals — Ultramar
Premier Cons.
RUBBERS (1)
Rightwise
MINES (1)
SPO Minerals

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	40	13	45
Corpns. Dom. and Foreign Bonds	4	3	60
Industrials	284	210	874
Financial and Prop	81	111	300
Oils	9	31	37
Plantations	7	2	14
Mines	49	43	74
Others	71	31	56
Totals	545	444	1,460

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Bambers	72	− 5	Racal Elec.	370	− 3
British Car.	86½	+ 3½	RTZ	463	+ 3
GEC	673	− 4	Rothmans	86	+ 4
Hawker Siddeley	338	− 2	Tele. Rentals	352	+25
Minet Hldgs.	112	+10	Tilling (T.)	182	+ 7
Plessey	320	− 5	Utd. Carriers	160	+14

Based on bargains recorded in SE Official List

TUESDAY'S ACTIVE STOCKS

Stock	No. of price changes	Tues.'s closing price pence	Day's change	Stock	No. of price changes	Tues.'s closing price pence	Day's change
Bowater	16	278	− 4	Assoc. Biscuit	10	80	+ 5
GEC	14	677	− 6	Barclays	10	414	− 1
Glaxo	14	336	− 2	BP	10	384	+ 6
Thorn EMI	12	372	+ 8	RTZ	10	460	− 5
Comm. Union	11	162	− 4	Rothmans	10	82	+ 4½
Hawker Sidd.	11	340	+ 8	GKN	9	166	+ 6
NCC Energy	11	125	+ 5	ICI	9	266	

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Apr. 6	Apr. 17	July 9	July 20
Apr. 21	May 1	July 23	Aug. 3
May 11	May 22	Aug. 6	Aug. 17

For rate indications see end of Share Information Service

Demand for Options remained at a low ebb. Calls were taken *in* ***Premier Oil***, **KCA**, **J. Hepworth**, **ICL**, **Rothmans**, **BSR**, **Montague L. Meyer**, **Double Eagle**, **Strata**, **BSG**, **William Boulton** and **Woolworth**. Puts were done in **Rothmans** and **Tubes**. No doubles were reported.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wed., April 15, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Tues. April 14 Index No.	Mon. April 13 Index No.	Fri. April 10 Index No.	Thurs. April 9 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (214)	348.37	−0.1	11.06	4.57	11.16	348.69	348.65	351.74	347.43	239.35
2	*Building Materials (25)*	307.06	−0.3	14.43	5.68	8.35	307.94	308.53	310.34	307.70	233.81
3	Contracting, Construction (28)	577.20	+0.1	16.37	4.68	7.26	576.88	576.62	579.36	572.73	353.67
4	Electricals (28)	1080.84	−0.4	8.07	2.46	15.38	1085.25	1093.27	1098.70	1096.73	635.48
5	Engineering Contractors (11)	475.97	−0.4	13.26	5.44	9.30	478.01	474.48	482.78	468.75	283.01
6	*Mechanical Engineering (70)*	216.19	—	12.63	5.66	10.03	216.27	213.87	216.34	212.57	159.64
8	Metals and Metal Forming (13)	170.22	−0.2	9.64	7.64	13.74	170.63	168.81	172.95	165.52	162.39
9	Motors (21)	102.62	+0.9	10.15	8.12	12.91	101.70	100.90	102.79	101.46	103.10
10	Other Industrial Materials (18)	374.24	+0.9	11.07	5.49	10.80	371.02	371.07	375.21	366.24	0.00
21	CONSUMER GROUP (196)	272.25	−0.1	13.65	5.76	8.89	272.59	272.61	274.98	273.81	218.33
22	Brewers and Distillers (20)	292.33	−0.3	15.85	6.26	7.49	293.22	293.34	296.46	295.46	268.18
25	Food Manufacturing (21)	251.76	−0.2	15.86	6.27	7.48	252.25	251.96	254.31	255.89	190.28
26	Food Retailing (14)	531.79	−0.5	8.49	3.04	13.91	534.20	538.09	542.92	541.13	299.43
27	Health and Household Products (7)	294.54	−0.7	9.32	4.87	12.70	296.48	295.38	293.81	293.20	193.06
29	Leisure (22)	426.86	+0.6	11.94	5.25	10.13	424.18	420.74	423.32	420.26	291.45
32	Newspapers, Publishing (12)	488.21	+0.5	17.25	6.06	7.67	486.01	488.59	494.22	482.95	417.58
33	Packaging and Paper (14)	152.34	−0.5	18.43	7.58	6.37	153.03	153.00	151.38	147.21	130.37
34	Stores (44)	265.98	−0.2	11.17	4.74	11.72	266.63	267.91	271.60	270.80	218.86
35	Textiles (22)	159.78	+0.8	13.62	8.13	9.96	158.48	158.19	159.26	156.11	123.06
36	Tobaccos (3)	232.27	+0.5	24.47	10.02	4.66	231.02	229.17	232.22	231.31	202.07
39	Other Consumer (17)	290.07	+1.3	8.80	6.62	14.17	286.32	283.54	283.57	274.98	0.00
41	OTHER GROUPS (78)	231.30	+0.2	13.47	6.53	9.15	230.75	230.31	231.64	229.62	200.14
42	Chemicals (15)	277.52	—	11.62	7.49	10.92	277.56	276.63	276.86	275.48	299.01
44	Office Equipment (6)	122.46	+0.8	15.20	6.78	7.80	121.49	120.63	121.54	117.44	110.18
45	Shipping and Transport (13)	633.75	+1.2	13.44	5.85	8.88	626.20	622.37	628.24	627.62	464.28
46	Miscellaneous (44)	295.00	—	15.07	5.68	8.16	295.05	295.89	298.66	295.91	239.36
49	INDUSTRIAL GROUP (488)	292.59	−0.1	12.64	5.40	9.67	292.78	292.70	295.12	292.83	225.57
51	Oils (12)	793.48	−0.3	22.75	7.10	4.91	795.64	787.26	791.68	790.66	716.58
59	500 SHARE INDEX	332.63	−0.1	14.46	5.71	8.23	332.97	332.27	334.85	332.65	264.53
61	FINANCIAL GROUP (118)	255.10	−0.6	—	5.52	—	256.62	257.85	262.15	262.17	198.00
62	*Banks (6)*	248.72	−0.5	37.20	7.28	3.13	250.07	249.84	254.30	254.45	215.07
63	Discount Houses (10)	301.40	—	—	6.14	—	301.39	302.20	303.31	297.64	222.44
64	Hire Purchase (4)	268.40	−0.9	8.38	4.62	16.50	270.81	271.15	269.04	270.84	203.11
65	Insurance (Life) (10)	264.04	−0.8	—	5.59	—	266.17	266.07	270.48	273.19	177.41
66	Insurance (Composite) (9)	163.62	−1.4	—	7.51	—	166.01	167.77	172.56	172.74	125.34
67	Insurance Brokers (8)	365.89	+2.0	12.45	6.28	10.89	358.55	359.03	367.22	358.57	304.71
68	Merchant Banks (13)	158.14	−0.1	—	4.95	—	158.34	156.85	158.00	157.31	102.64
69	Property (48)	494.80	−0.5	3.06	2.55	45.08	497.21	501.77	508.08	506.54	386.85
70	Miscellaneous (10)	170.63	−0.3	18.40	6.07	6.61	171.18	173.48	174.25	176.47	126.83
71	Investment Trusts (104)	304.74	[illegible]	—	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (4)	233.12	+0.5	14.47	5.76	8.02	232.03	233.52	240.24	244.84	189.03
91	Overseas Traders (20)	465.88	−0.1	11.62	6.34	10.55	466.45	467.88	469.70	468.91	390.23
99	ALL-SHARE INDEX (750)	316.20	−0.2	—	5.65	—	316.75	316.60	319.75	318.17	259.83

FIXED INTEREST PRICE INDICES

	British Government	Wed. April 15	Day's change %	Tues. April 14	xd adj. today	xd adj. 1981 to date
1	5 years	108.45	+0.13	109.33	1.81	3.57
2	5-15 years	111.27	+0.07	111.19	—	3.46
3	Over 15 years	114.39	+0.07	114.62	0.31	4.65
4	Irredeemables	128.32	−0.12	128.47	—	1.78
5	All stocks	111.11	+0.09	111.44	0.43	3.83
6	Debentures & Loans	87.51	+0.02	87.50	—	3.66
7	Preference	68.04	+0.04	68.01	—	2.88

FIXED INTEREST YIELDS British Govt. Av. Gross Red.

			Wed. April 15	Tues. April 14	Year ago (approx.)
1	Low	5 years	11.60	11.60	12.63
2	Coupons	15 years	12.19	12.17	12.62
3		25 years	12.22	12.21	12.56
4	Medium	5 years	13.14	13.17	14.40
5	Coupons	15 years	13.54	13.51	14.20
6		25 years	13.60	13.55	13.96
7	High	5 years	13.22	13.19	14.15
8	Coupons	15 years	13.90	13.83	14.36
9		25 years	13.58	13.61	14.36
10	Irredeemables		12.21	12.22	12.32
11	Debs & Loans	5 years	14.42	14.48	15.31
12		15 years	14.48	14.48	15.11
13		25 years	14.48	14.48	14.95
14	Preference		14.41	14.42	15.01

† Flat yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26½p.

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Craigmount Fixed Int. Mngrs. (Jersey)

Hill Samuel Invest. Mgmt. Intnl.
P.O. Box 63, Jersey. 0534 27381

HS Channel Is. Fd.	145.8	155.5		3.25
H.S. Fixed Int. Fd.	94.0	98.0	−1.0	12.50

Box 2622, Berne, Switzerland. Telex 33425.

H.S. Overseas Fd.	US$25.11	26.11	−0.17	—
CSF Fd. (Acc.)	SF18.82	19.21	−0.12	—
Crossbow Fd.	SF6.84	6.96	−0.06	—

Rothschild Asset Management (C.I.)
P.O. Box 58, St. Julians Ct., Guernsey. 0481 26331

O.C. America Fd.†	US$2.72	2.89		0.58
O.C.Sm. Co.***	114.5	121.3	−5.7	2.72
O.C. Commodity*	94.4	100.4	+1.0	7.17
O.C. Dir. Comdty.†	US$46.40	49.36		1.50
O.C. Hong Kg. Fd.†	HK$36.36	39.74		—
O.C. Sterling Fd.**		£13.493	+0.006	—

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

1981 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
"Shorts" (Lives up to Five Years)						
99½	97⅞	Exch. 8¼pc 1981	99½	+1/16	8.29	11.32
99⅝	97¼	Exch. 9½pc 1981	99⅝	......	9.57	11.77
97	93¾	Exch. 3pc 1981	97	......	3.09	11.96
99⅞	99⅛	Treas. Variable '81‡‡	99⅞xd	+1/16	13.45	12.45
100⅞	99½	Exch. 12¾pc 1981‡‡	100⅜	......	12.71	12.10
97¾	95⅜	Treas. 8½pc '80-82‡‡	97¾	+1/16	8.69	11.62
95	91⅞	Treasury 3pc '82‡‡	94⅛	......	3.18	10.15
102⅞	100⅞	Treasury 14pc '82‡‡	101⅞	......	13.73	11.64
99	98⅛	Treas. Variable '82‡‡	99	+1/16	11.97	12.71
95¼	93⅞	Treasury 8¼pc '82	95⅝	+1/16	8.62	12.18
96⅞	93⅞	Exch. 9¼pc 1982	95¾	+1/16	9.66	12.52
94⅞	92⅝	Exch. 8¾pc 1983	94¾	+1/16	9.24	12.17
89¼	84⅞	Exch. 3pc 1983	88⅛	......	3.40	10.18
99⅞	97⅞	Treasury 12pc 1983‡‡	98⅞	−1/16	12.13	12.61
98⅞	96¼	Treas. Variable '83‡‡	98⅞	+1/16	12.67	12.81
94⅛	92¼	Treasury 9¼pc '83	93⅞	......	9.86	12.46
101⅞	100¼	Exch. 13½pc '83	101⅞xd	−⅛	13.27	12.74
94⅞	92¼	Exch. 10pc 1983	93⅞	......	10.66	12.79
87¼	84½	Funding 5½pc '82-84‡‡	86⅞	......	6.53	11.15
96¾	94⅞	Exch. 11¼pc 1984	96½	+1/16	11.67	12.78
103⅞	101⅞	Exchequer 14pc 1984	103⅞xd	+1/16	13.57	12.76
80⅝	78½	Exch. 3pc 1984	79⅞	......	3.76	10.62
98⅞	96⅝	Treasury 12pc 1984	98⅞	+1/16	12.22	12.63
107⅞	104⅞	Treasury 15pc 1985	107	+1/16	14.01	12.62
98⅞	96⅞	Exch. 12pc Cnv. '85	98⅞	+1/16	12.23	12.62
75¼	73¼	Treasury 3pc 1985	74⅞xd	−1/16	4.01	10.78
74⅞	72⅝	Do "A"	74⅞xd	−1/16	4.01	10.78
15⅞	14⅞	Treas 11¾pc '85 (£15pd)	14⅞	+1/16	11.94	12.66
98⅞	96⅞	Exch. 12¼pc 1985	98⅞xd	+¼	12.47	12.80
97⅛	93⅞	Exch. 11¾pc '86	96½	+1/16	12.19	12.75
Five to Fifteen Years						
70⅞	69	Treasury 3pc 1986●	69⅝	......	4.33	11.06
97⅞	66	Treasury 12pc '86	97⅞	+⅛	12.59	12.86
87⅞	84¼	Treasury 8¼pc '84-86‡‡	87½	+⅛	9.95	12.37
103⅝	98⅛	Exch. 13¼pc 1987	103¼	+⅜	13.22	13.21
81¼	77⅛	Funding 6½pc '85-87‡‡	77⅛xd	......	8.40	11.05
99½	93⅛	Treas. 12pc 1987	93⅛xd	+⅛	12.74	13.36
80½	76¼	Treasury 7¾pc '85-88‡‡	80¼	+⅛	9.86	12.52
65½	61⅝	Transport 3pc '78-88	62¼	−¼	4.84	13.72
92¾	86¼	Treasury 11½pc 1989	91½	+⅛	12.80	13.65
93	87	Do. A	91⅞	......	12.95	13.84
67¼	63⅞	Treasury 5pc '86-89	64¼xd	......	7.72	11.65
101½	95⅛	Treasury 13pc 1990‡‡	100¼	+¼	13.40	13.58
40⅞	38⅛	Exch 12½pc '90 (£40pd)	38¾	......	13.45	13.91
80⅞	75⅞	Treasury 8¼pc '87-90‡‡	79⅝	......	10.73	12.56
93¼	86½	Treasury 11¾pc 1991	92	+⅛	13.21	13.84
66¼	62⅞	Funding 5¾pc '87-91‡‡	64½	......	8.94	11.97
90	84¼	Exch. 11pc 1991	84½xd	+⅛	12.98	13.78
98⅞	91¼	Treasury 12¾pc '92‡‡	97⅛	......	13.53	13.78
82⅞	77⅞	Treasury 10pc 1992	81¼	......	12.46	13.50
94⅞	88¼	Exch. 12¼pc '92	92¾	+⅛	13.45	13.82
101⅞	95	Exchequer 13½pc '92	98⅞	+¼	13.85	13.93
96¼	90¼	Treasury 12½pc '93‡‡	95½	+⅛	13.53	13.80
63⅞	60½	Funding 6pc 1993‡‡	62¼	+¼	9.72	12.00
105¼	98⅞	Treasury 13¾pc 1993‡‡	104¼	......	13.91	13.94
107¼	100½	Treasury 14½pc '94‡‡	104⅞	......	14.07	13.97
104¼	96⅞	Exchequer 13½pc 1994	97½xd	+⅛	13.84	13.92
95⅝	88½	Exch. 12½pc 1994	93⅞	......	13.62	13.86
79⅞	74¼	Treasury 9pc '94‡‡	74¾xd	......	11.91	12.86
92⅞	83⅛	Treasury 12pc '95	91⅝	......	13.48	13.80
51¼	46½	Gas 3pc '90/95	49½xd	......	6.05	9.61
83	77⅞	Exch. 10¼pc 1995	81⅞	......	12.89	13.53
100⅛	92⅞	Treasury 12¾pc '95‡‡	93xd	......	13.56	13.71
104⅞	97⅞	Treas. 14pc '96	103¼	......	14.00	13.98
76¼	72½	Treasury 9pc '92/96‡‡	75	......	12.13	12.94
Over Fifteen Years						
115⅝	106	Treasury 15¼pc '96‡‡	106⅞xd	......	14.18	14.03
103½	95⅞	Exchequer 13¼pc '96‡‡	96xd	−⅛	13.65	13.73
35¼	34⅝	Trs. 2pc I. L. (£35pd)‡‡	35¼	+¼	1.99	1.90
50¼	48⅛	Redemption 3pc 1986-96	49⅞	......	6.09	9.22
101⅛	93¾	Treasury 13¼pc '97‡‡	99½	......	13.74	13.79
83⅞	77	Exchequer 10½pc 1997	82½	......	12.97	13.42
74¾	70⅛	Treasury 9¾pc 1997‡‡	73⅞	......	12.10	12.83
65⅝	60⅜	Treasury 6¾pc '95-98‡‡	61xd	−⅛	11.01	12.20
114½	106½	Treas. 15½pc '98‡‡	108¼	+⅛	14.15	14.01
95⅛	87½	Exch. 12pc 1998	87¾xd	+⅛	13.50	13.70
79⅞	74⅛	Treasury 9½pc 1999‡‡	78⅞	−⅛	12.49	12.98
94	87½	Exch. 12¼pc 1999	91⅛	+⅛	13.54	13.69
94⅞	88	Do. 'B'	92½	+⅛	13.58	13.72
86¼	79¼	Treasury 10½pc 1999	80xd	......	12.97	13.32
100	92¼	Treas. 13pc 2000	98⅜	+⅛	13.67	13.72
107¼	99⅝	Treas. 14pc '98-01	99⅝xd	−⅛	13.86	13.86
93¼	85⅞	Exch. 12pc '99-02	91½	−⅛	13.52	13.63
104⅛	96½	Treas. 13¾pc 2000-03	102⅝	+¼	13.80	13.81
90	83⅝	Treasury 11½pc '01-04	87⅜	......	13.30	13.40
41⅛	38½	Funding 3½pc '99-04	40⅛	−⅛	8.91	10.56
99¼	91⅞	Treasury 12½pc '03-05	92xd	+⅛	13.41	13.46
68⅝	63⅞	Treasury 8pc '02-06‡‡	66⅝	......	12.05	12.36
92½	85⅛	Treasury 11¾pc 03-07	90¾	......	13.34	13.40
93⅞	86⅛	Do. 'A'	91⅞	+⅛	13.34	13.38
103⅛	95¼	Treas. 13½pc '04-08	100¼	......	13.57	13.57
50⅝	47	Treasury 5½pc '08-12‡‡	49⅛	......	11.33	11.67
66¾	62⅞	Treasury 7¾pc '12-15‡‡	65⅜	−⅛	12.17	12.29
98⅛	91⅛	Exch. 12pc '13-'17	96⅞	+⅛	13.00	13.01
Undated						
33¼	31¼	Consols 4pc	32¾	......	12.52	—
32¼	30½	War Loan 3½pc‡‡	31⅞	−1/16	11.57	—
37⅝	35¼	Conv. 3½pc '61 Aft.	35¾	......	9.83	—
25	23⅞	Treasury 3pc 66 Aft	23⅞	......	12.61	—
21½	20	Consols 2½pc	20¾	......	12.09	—
21	19⅝	Treasury 2½pc	20¼	......	12.41	—

INTERNATIONAL BANK

1981 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
91	87	5pc Stock '77-82	91	+¼	5.49	12.49

CORPORATION LOANS

1981 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
93½	91½	Bath 11¼pc 1985	93¼	......	12.07	13.25
98	95½	Birm'ham 12½pc 1985	97¾	......	12.79	13.19
101¼	97¼	Burnley 13pc 1987	101½	......	13.44	13.79
95½	90	Cardiff 11pc 1986	90¼xd	......	12.15	12.47
100⅛	98¼	G.L.C. 12½pc '82	100	−⅛	12.50	12.51
99	97	Do. 12½pc 1983	98¾	−⅛	12.66	13.14
95¼	92½	Glasgow 9¼pc '80-82	95¼	......	9.72	12.60
75½	72	Herts 6¾pc 1985-87	75¼	......	9.13	12.92
91½	89¼	Liverpool 9¾pc '80-84	91½xd	......	10.66	13.19
26	25	Do. 3½pc Irred.	25¼xd	......	13.85	—
100½	98¼	Lon. Corp. 13¼pc '83	100½xd	......	13.18	13.00
88¾	88	Do. 9¼pc '84-85	88½	......	10.44	12.66
97⅞	94	L.C.C. 5½pc '77-81	97⅞	+⅛	5.66	12.57
80½	78¾	Do. 5½pc '82-84	80½	......	6.83	12.99
71¼	67¾	Do. 5½pc '85-87	71	......	7.96	12.91
70¼	66¼	Do 6¾pc '88-90	69¾	......	9.93	12.73
23¾	23	Do. 3pc '20 Aft.	23¼	......	13.32	—
97¼	95¼	Sunderland 12¼pc 1984	97	−¼	12.63	13.27

COMMONWEALTH AND AFRICAN LOANS

1981 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
95	92¼	Aust. 5½pc '81-82	94	+¼	5.86	12.51
87½	83½	Do. 6pc 1981-83	87½	......	7.03	12.74
67¼	63¾	N.Z. 7¼pc 1988-92	67	......	11.16	13.36
81¾	78	Do. 7½pc '83-86	81½	......	9.49	13.21
99½	94¾	Sth. Africa 9½pc '79-81	96	+¼	9.85	16.47
141	115	S. Rhod. 2½pc Non-Ass.	141	......	—	—
59	43	Do. 3½pc 80-85 Asstd	53	......	6.07	17.60
40	26	Do. 4½pc 87-92 Asstd	39	......	11.79	17.80
395	333	Zimbabwe Ann (£100pa)	395	......	—	18.54

LOANS

1981 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
Public Board and Ind.						
64	61¼	Agric. Mt. 5pc '59-89	64	......	7.98	12.34
81	76½	Alcan 10½pc '89-94	80½	......	13.31	14.10
29½	28¼	Met. Wtr. 3pc 'B'	29	......	10.48	12.73
114	98½	U.S.M.C. 9pc 1982	114	......	8.14	—
97	92½	Do. without Warnts.	97	......	9.60	14.30
Financial						
101½	99¾	FFI 14pc '83	100⅝	......	13.91	13.69
92	88½	FFI(UK Fa)5½pcDb. '80-2	92xd	......	6.02	12.42
83	80	Do. 6¼pcDb. '81-84	83	......	7.79	13.40
93	86½	Do. 10½pc Uns.Ln. '86	93	......	11.65	13.40
91½	79¼	Do. 11pc Uns.Ln. '88	91½	......	12.44	13.30
91½	86½	Do. 11¾pc Uns Ln. '90	91½	......	13.33	14.15
94½	88½	Do. 12½pc Un. Ln. 1992	93½xd	......	13.66	14.00
64½	60	Do. 7¼pcADeb. '89-92	64	......	11.86	14.10
62	59	Do. 7¼pcADeb. '91-94	60½xd	......	11.98	13.80
72½	68	Do. 9pc 'A' '91-94	71½xd	......	12.59	13.70
70	65	Do. 8⅞pcLn. '92-97	66½	......	13.73	14.50

FOREIGN BONDS & RAILS

1981 High	Low	Stock	Price £	+ or −	Div. % Gross	Red. Yield
62½	58	Antofagasta Rly.	58	......	—	—
55	55	Do. 5pc Pref.	55	......	—	—
98	98	Chilean Mixed	98	......	3	f3.10
28	20	Chinese 4½pc 1898	20	......	—	—
22	17	Do. 5pc 1912	17	......	—	—
18	11	Do. 5pc 1913	11	......	—	—
16	11	Do. 5pc '25 Boxer	11	......	—	—
94	85¼	Denmark 13pc 2005	92	......	13	14.74
36	36	Greek 7pc Ass.	36	......	3½	f9.90
34	33	Do. 6pc 28 Stb. Ass.	34	......	3	f8.85
32	30	Do 4pc Mixed Ass.	32	......	2	f6.30
52	48	Hung. '24 Ass.	48	......	2¼	6.04
67	62	Iceland 6½pc '83-88	67	......	6½	14.25
102	92½	Do. 14pc Ln. 2016	95¼	......	14½	15.28
90¼	85½	Ireland 7¼pc '81-83	90	......	7½	13.86
79¼	73	Do. 9¾pc '91-96	74¼xd	......	9¾	14.02
195	185	Japan 4pc '10 Ass	195	......	—	—
79	67	Do. 6pc '83-88	67	......	6	13.20
165	155	Peru Ass. 2007	165	......	5.22	f3.20
50⅞	49⅞	Swed 13½pc (£50pd)	50	......	13½	13.54
79	77	Turin 9pc 1991	$77½	......	—	f11.61
		Turin 6½pc 1984	DM90	......	—	9.45
96p	96p	Uruguay 3½pc	96	......	3½	3.90

AMERICANS

1981 High	Low	Stock	Price £	+ or −	Div. Gross	C'w	Y'ld Gr's
27⅝	19⅝	ASA	23⅛	+⅛	$5.00	—	9.6
27⅝	27⅝	AMF 5% Conv. '87	27⅝xd	......	5%	—	f18.1
27¼	22½	Abbott Labs.||	27½xd	+⅛	$1.44	—	2.3
30⅝	16½	Amax $1	27¼	+¼	$2.40	—	3.9
21¼	16⅝	Amer. Express $0.60	20⅝	+⅛	$2.00	—	4.3
19⅞	15½	Amer. Medical Intl. $1.	18¼xd	+⅛	64c	—	1.5
13½	11½	Bank America Corpn.	12⅞	+⅛	$1.44	—	5.2
14⅞	12⅝	Bankers N.Y. $10	13¾	+⅛	$1.95	—	6.0
10⅞	650p	Barnes Grp. $6⅔	10¼	......	$1.00	—	4.3
28¼	22¼	Bendix Corp. $5	27½	+¼	$3.00	—	4.9

CANADIANS

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

هكذا من الأصل

INDUSTRIALS—Continued

[illegible]

INSURANCE—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

INSURANCE

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australian

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
40	32	Acmex 50c	40	......	Q2.5c	—	3.3
23	14	ACM 20c	20	−2	—	—	—
21	14	Argosy Gold NL 25c	16	......	—	—	—
212	137	Bond Corp.	196	−10	Q7½c	1.9	2.0
102	76	Bougainville I Kina	89	−3	Q26.2c	1.0	16.2
302	214	CRA 50c	243	+7	Q19c	1.7	4.0
25	17½	Canada Northwest	21	−1	—	—	—
35	17	Carr Boyd 20c	20	−1	—	—	—
415	105	Central Pacific	115	−5	—	—	—

[illegible]

Tins

[illegible]

Copper

[illegible]

Miscellaneous

[illegible]

NOTES

[illegible]

REGIONAL MARKETS

[illegible]

OPTIONS

3-month Call Rates

Industrials					
A. Brew	6½	House of Fraser	14	Utd. Drapery	6½
BOC Intl.	13	I.C.I.	28	Vickers	15
B.S.R.	4½	"Imps"	7	Woolworths	5
Babcock	11	I.C.L.	6	**Property**	
Barclays Bank	36	Ladbroke	30	Brit. Land	8
Beecham	25	Legal & Gen.	20	Cap. Counties	11
Blue Circle	35	Lex Service	10	Land Secs.	37
Boots	20	Lloyds Bank	28	MEPC	20
Bowaters	24	"Lofs"	4½	Peachey	15
Brit. Aerospace	14	London Brick	7	Samuel Props.	13
B.A.T.	25	Lucas Inds.	18	Town & City	2½
Brown (J.)	7	"Mams"	20	**Oils**	
Burton Ord.	12	Mrks. & Spncr	9	Brit. Petroleum	36
Cadburys	7½	Midland Bank	26	Burmah Oil	16
Courtaulds	6	N.E.I.	7	Charterhall	9
Debenhams	8	Nat. West. Bank	32	KCA	22
Distillers	17	P & O Dfd.	13	Premier	16
Dunlop	7½	Plessey	38	Shell	34
Eagle Star	22	Racal Elect.	34	Tricentrol	30
F.N.F.C.	3½	R.H.M.	5	Ultramar	44
Gen. Accident	30	Rank Org. Ord.	18	**Mines**	
Gen. Electric	60	Reed Intnl.	20	Charter Cons.	21
Glaxo	28	Sears	5	Cons. Gold	45
Grand Met.	14	Tesco	5½	Lonrho	9
G.U.S. 'A'	44	Thorn EMI	30	Rio T. Zinc	45
Guardian	32	Trust Houses	18		
G.K.N.	16	Tube Invest.	18		
Hawker Sidd.	25	Turner & Newall	19		
		Unilever	50		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 36

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

FINANCIAL TIMES
Thursday April 16 1981

Pay hint for Civil Service

BY PHILIP BASSETT, LABOUR STAFF

THE GOVERNMENT gave the first hint yesterday in the Civil Service pay dispute of possible flexibility in future negotiations, though Ministers insisted firmly that for this year's settlement the present offer of 7 per cent would not be increased.

Though the hint in speeches to both Houses of Parliament from Lord Soames, Lord President of the Council, and Mr. Barney Heyhoe, Civil Service Minister, was small, it was deliberately placed to draw Civil Service union leaders back into talks.

The first reaction from union officials was cautious. General secretaries and senior officials *of the nine unions comprising* the Council of Civil Service Unions consider it at a meeting *of the council's major policy* committee on Tuesday.

Lord Soames and Mr. Heyhoe suggested in their speeches that "future arrangements for settling (civil servants') pay should not be confined by cash limits predetermined by the Government without any negotiation."

HOLIDAYMAKERS at Easter are already threatened by industrial action at ports and airports. The Civil and Public Services Association confirmed yesterday that its members who are air traffic control assistants had voted *overwhelmingly for* industrial action after Easter, by 520 to 227 votes.

Air traffic controllers hold whip hand. Page 6.

This suggestion was included to induce unions to return to talks, if only to find out how much flexibility might be available.

What may be implied is some discussion with the unions before a cash limit is set for the service, and perhaps a less rigid cash limit than for this year's deal.

Ministers recognise the difficulty of union leaders coming to talks in the future over pay if it is plain that they have no room to negotiate under any new system of pay determination for the service.

Mr. Heyhoe, in reply to MPs' questions, gave the first public indication of some factors the Government would want considered in a new pay system.

While not ruling out the points the unions would like included — comparability with outside pay increases, independent fact-finding, and access to independent arbitration — Mr. Heyhoe *said* a new system should take into account supply and demand of staff, the relative job security of Civil Service employees, and relative attractiveness of pay and conditions.

This was understood to refer to the index-linked pensions in the public services.

Mr. Heyhoe said that the new system must be able to respond more quickly to outside pay movements than the now-scrapped pay research comparability system, *which worked on* an 18-month cycle.

The two speeches, first major statement *by the Government* since the strikes began nearly six weeks ago, made clear that the offer *for this year would* not be improved.

They "deplored" the threat to Easter air and sea *holiday* traffic, and Mr. Heyhoe urged the unions to call it off as a sign of good faith.

Mr. Bill Kendall, CCSU secretary-general, said the unions would talk if there was "something substantial" to talk about. The Government had done nothing to resolve the dispute. The industrial action continued, and would be intensified.

The unions pointed to the settlement yesterday for 160,000 Post Office workers as further evidence that the offer to the Civil Service should be raised. The Post Office put the offer at 8½ per cent, but the Civil Service unions thought it might be worth as much as 10 per cent.

Soames rules out further bargaining, Page 11

Railways loss of £76.9m in year

BY LYNTON McLAIN

BRITISH RAIL lost £76.9m after interest and tax last year, according to the annual report published yesterday. The board thinks its losses for 1981 may be even greater.

The recession cost it between £100m and £120m in lost revenue, with worst effects in passenger and rail traffic. The steel strike early last year cost BR £25m in lost freight revenues.

The losses were incurred despite two increases in passenger fares last year. Fares rose by 18.5 per cent in January and 19.5 per cent in November. These increases raised passenger revenue by 20 per cent to a record £954m.

The effects of the recession show clearly in the report on demand for rail services. *Passenger volume* was down 1 per cent at 19.7bn passenger miles, against the total of *almost* 20bn passenger miles in 1979, the highest passenger volume since the pre-Beeching days of 1961, when BR's network was 30 per cent bigger.

The impact of the recession was greatest on the freight business.

Receipts from freight customers rose by 4.4 per cent to £451.3m, but the tonnage of *freight carried fell by almost 10* per cent to 153m tonnes compared with the previous year.

The effect on movement of freight by rail, as measured by tonne miles operated, was even more distinct, and total movement fell by 11.3 per cent, to 10.9bn tonne-miles.

On a current-cost basis the loss after interest and tax was £163m. Last year's £76.9m historic loss compares with a profit of £1.4m in 1979.

British Rail's management succeeded in operating inside the Government's external finance limit of £790m for 1980-81, the fifth year Sir Peter Parker has done this.

Despite this success in a "grim, demanding year for British Rail," said Sir Peter, the indications for 1981 showed that losses could reach more than £100m.

He said 1980 emphasised the "lack of long-term policy toward railways in Britain."

Details, Page 6

THE LEX COLUMN

Hawker weathers the recession

The official cyclical indicators are suggesting that the recession has just bottomed out, with the longer leading index heading strongly upwards, the coincident index just turning, and the lagging index still nose-diving. But the CSO spoils things by suggesting that the coincident index may be giving a premature signal.

Hawker Siddeley

Hawker Siddeley has come through a year of severe recession and strengthening sterling with profits up from £107.8m to £113.0m pre-tax, and but for a couple of damaging strikes in Canada the figure would have been a fair bit higher. Rationalisation costs of £6m have been taken above the line, so that UK profits are marginally down, with all the growth coming from Australia and from the U.S., where the Fasco acquisition more than covered its financing costs and Onan performed well.

Hawker has had "serious difficulties" in some areas, however, notably automotive diesels, batteries and the UK light electrical interests. In some businesses — industrial diesels, for example—the group is now seeing a modest upturn in demand; though it is not yet certain that this represents anything more than the end of customer de-stocking. The heavy electrical side, meanwhile, is holding up well, with nine months' work on respectable margins in the pipeline.

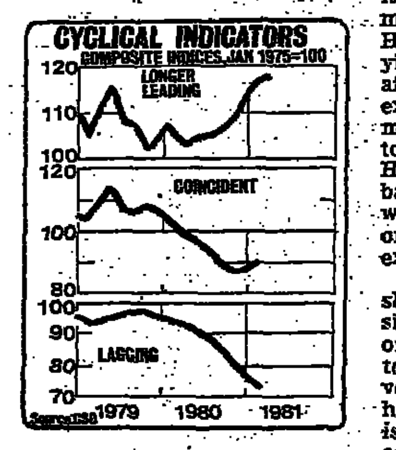
The group's balance sheet remains very strong, although it is no longer bursting with cash. Last year acquisitions reduced net liquid assets to £36m from £84m (the existing business is roughly self-financing), and there is £47m of long-term debt. This year so far Hawker has bought a U.S. company and bid for the minority in Carlton: together these could cost another £25m.

Substantial profits progress is unlikely before 1982, but the equity market is looking into the middle distance: the share price not exactly bombed out a year ago, has risen 84 per cent, compared with a 24 per cent rise in the 30-Share Index and a 2½ per cent increase in Hawker's dividend. At 338p, down 2p yesterday, the yield is just 3.5 per cent.

Burmah Oil

Given the £13m exceptional credit in 1979, Burmah Oil's pre-tax profits have fallen less than expected, from £67.3m to £62.3m. But once a mare's nest of fluctuating provisions and the effect of the Bahamas terminal deal are stripped out, it looks as if the overall trading performance is virtually unchanged—in spite of a jump *from £13m to £31.3m in the* contribution from Thistle. The main deterioration has been in UK *oil refining and* marketing, which has slipped back into heavy loss with a turnround of *£16m or so.*

Index rose 0.3 to 549.1



The trouble is that as North Sea earnings grow as a proportion *of income, the pre-tax* figure becomes increasingly unhelpful. The tax charge on *Thistle's operating income* is about 70 per cent at £22½m, and helps produce an overall post-*tax decline for the company of* 30 per cent. The effect of some of the Budget oil tax changes *have already been taken into* account, so there may be a small post-tax improvement in North Sea earnings in *the* current year. Nevertheless the prospects are uninspiring.

The change in oil tax payment timings will mean an extra cash outflow of £10m this year, which will probably require debt financing. Meanwhile shareholders' funds are virtually unchanged on a year ago and the company is making an attributable loss on a current cost basis. The shares fell 5p yesterday to 167p, where the yield is below 6 per cent. At this level they remain heavily dependent on hopes of North Sea exploration success.

Jardine Matheson

Jardine, Matheson shareholders can now count the cost of the November paper chase which left Jardine and Hongkong Land holding 40 per cent of each other's equity. Salvation from Chinese marauders has more than doubled Jardine's term debt to £340m.

The company is paying an average 13.7 per cent on its term borrowings, so the interest charge this year could exceed last year's profit after tax and minorities of £43.8m. Since Hongkong Land shares are yielding only 4.4 per cent even after a special payment out of *extraordinary profits*, Jardine must be delighted that its auditors have agreed to account for Hongkong *Land on an equity* basis from this year. But this will only put a cosmetic gloss on what is, *in the short term*, an expensive operation.

At any rate, earnings per *share seem certain to be down* significantly in 1981 as a result of dilution. The issue of shares *to Land and the compulsory* conversion of loan warrants have helped to push up Jardine's *issued share capital* by 40 per cent in the past year. And the Hawaian sugar interests, which *probably accounted for about* half of last year's 26.6 per cent profits increase, are unlikelyt o repeat their 1980 *performance* this year.

Plant hire

Richards and Wallington, the large plant hire group, makes a sad story of a company built from scratch which continued expanding right up to the brink of disaster. In the five years to 1979, its spending on fixed assets and working capital exceeded net cash flow by over two-fifths.

In the event, attributable losses for the year emerge at £7.4m, knocking shareholders' *funds to £12.9m and helping to* boost total debt to over £27m. The group's market capitalisation at 22p *is down* below £3m: so there is no sensible way of raising new equity.

However its banks—all 24 of them—have agreed under the motherly eye of the Bank of England to continue their support, subject to being granted fixed and floating charges and to their being satisfied with the future trading performance. Their decision no doubt took account of the fact that thet bulk of the group's capital is tied up in fixed assets (over £29m last December) and most of that is invested in cranes. These are not exactly a seller's market at present.

The group expects to make further unspecified losses in 1981, but the new management says it is confident about the group's viability over the longer term. And it seems there will be no esrious qualification to the forthcoming audit report.

Government may force council house sales

By Elinor Goodman

THE GOVERNMENT yesterday *moved nearer* to using the law to prevent local authorities blocking the sale of council houses.

Mr. John Stanley, the Housing Minister, warned seven Labour-controlled authorities that unless they co-operated with council tenants who wanted to buy their homes, he would take over responsibility for council house sales from them.

If the seven authorities do not provide evidence by May 13 that the yare prepared to co-operate with council house sales the Department of the Environment will appoint solicitors to handle the sales.

The solicitors' costs will be deducted before the proceeds of the sales are handed back to the local authorities.

The authorities named were Barking and Dagenham, Camden, Greenwich, Newham, Sheffield, Stoke-on-Trent, and Wolverhampton. According to the Department of the Environment none has sold any council homes under the "Right to Buy" provisions of t he Housing Act.

The warning notice seems unlikely to persuade any of the authorities to reverse their *policy towards council house* sales.

The Housing Act gives the *Minister power to intervene* where there is evidence that tenants are having difficulty *exercising their right to buy.*

Mr. Stanley has already warned 27 authorities that he *is unhappy about the progress* they are making in implementing the right to buy.

Farrington Stead in partial admission to Hedderwick

BY CHRISTINE MOIR

FARRINGTON STEAD, the Manchester investment management group, has "partially admitted" that it owes Hedderwick Stirling Grumbar, the failed stockbroker, nearly £2m in cash and stock owing on a complex series of deals in gilt-edged stocks.

Campion and Co., a London firm of solicitors acting for Farrington Stead, said yesterday its client "*partially* admitted" the claims made in several writs issued by Hedderwick's *liquidator*, Mr. Martin Fidler, since Hedderwick was hammered on the Stock Exchange on Friday evening.

But there was "a disputed area" and "a discrepancy between what is claimed and what is admitted," the solicitors said. The dispute is thought to arise because of possible duplication between some of the writs.

Farrington Stead has given permission to Touche Ross, the accounting firm, to move into its offices next week to scrutinise its books and accounts.

Touche Ross was investigating Hedderwick as part of the moves towards a merger — since aborted — with Quilter Hilton Goodison, when it uncovered the outstanding transactions with Farrington Stead. It is possible these date *back as far as 1979 when* Farrington Stead first started trading in gilts.

Farrington Stead was pressed for settlement of certain transactions, amounting to nearly £1m. When settlement was not made by Friday, Hedderwick was found to be unable to meet its obligations when it ceased trading at 3 pm and was consequently hammered.

Campion is not acting for Mr. Aggie de Souze, until Friday *manager of Hedderwick's settle*ment department. But it said Mr. de Souze had been involved as a shareholder in Farrington Stead "until about a year ago when his name left the register." At no time had Mr. de Souze, been involved in Farrington Stead's management, it said.

The Stock Exchange, through Mr. Fidler who is its official assignee, moved swiftly to help Hedderwick recover the money and stock for which it is suing Farrington Stead.

Linklater and Paine, the Stock Exchange's solicitors, won a temporary injunction from the courts on Saturday morning, which froze all Farrington Stead's assets. This was confirmed on Monday when the first writ was issued. Since then further writs and injunctions have been issued.

Yesterday, Linklater confirmed that Farrington Stead had given "enormous co-operation" and that all parties were '*trying to resolve* the matter as quickly as possible."

Pliatzky advises CBI on cuts

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

A RETIRED top civil servant who master-minded public expenditure controls in the mid-1970s has been recruited by the Confederation of British Industry as a consultant to help prepare plans to stimulate immediate Government spending cuts of up to £1bn this year.

He is Sir Leo Pliatzky, former second permanent secretary at the Treasury, who last year was hired by the Prime Minister to prepare plans for closing down 'quangos."

Also on the committee is Mr. Terence Higgins, a Conservative MP and a former financial secretary at the Treasury. He is a member of the House of Commons Treasury and Civil Service Committee which has recently criticised the Government's economic policy.

In the mid-1970s, Sir Leo was responsible for restoring control over public spending, working with Mr. Joel Barnett, chief secretary to the Treasury in the Labour Government. The notion of public sector bodies being restricted by a system of cash limits emerged out of this work.

Sir Leo will advise a public spending working party set up by the CBI's policy committee under the chairmanship of Mr. Michael McAlpine, a director of Sir Robert McAlpine, the construction company.

All CBI members have been asked to propose possible cuts in the public sector's revenue expenditure, based on their own experiences of dealing with local authorities, Government Departments, nationalised industries, and other State-funded bodies.

The committee was set up when CBI members decided a month ago to mount a positive campaign on public spending instead of openly attacking the Government over the Budget. They are concerned that, while they have had to cut their companies back during the recession, the Government has not forced similar cuts in its own activities.

The CBI is to continue to press the Government for revenue spending cuts and help on energy costs: and to urge members to restrict the size of pay offers in current negotiations.

Continued from Page 1

Forte

to THF, including a general offer to all holders of Savoy.

Mr. Giles Shepard, managing director of Savoy, said of the decision "it is nice to know we were right." He added: "One does not get pleasure out of other people's difficulties."

Savoy, which on Tuesday announced a £1.8m loss for 1980, intends going ahead with the sale of about a third of the Savoy Hotel's bedrooms, reducing the number from 315 to 201. This proposal has been attacked by THF.

Mr. Shepard said that four offers in writing had been received and were being considered. Because of the THF bid move, Savoy must get shareholders' approval in general meeting before signing a nydeal, he said.

THF made its bid move for Savoy in this manner because of the structure of the Savoy capital which confers 40 times more votes on the "B" shares than on the "A" shares.

Through a large holding of the high voting "B" shares, the directors and associates of Savoy control up to 45 per cent of the company's votes.

The widely held low voting "A" shares control 51.5 per *cent of the total votes. It was* through this class that THF was hoping to gain control of the Savoy.

If THF had been permitted to call the separate meetings it would have sought to gain the approval of 75 per cent of the "A" shares. If this had been achieved, the decision would have become binding on all "A" holders, giving THF control.

THF made its court application holding a 34.6 per cent block of the "A" shares assented to it by the Kuwait *Investment Office. A further* 15.4 per cent is owned by funds managed by a subsidiary of S. G. Warburg, advisers to THF.

Auditors qualify Braniff accounts

BY IAN HARGREAVES IN NEW YORK

AUDITORS of Braniff International, the troubled Dallas-based airline, have qualified the company's 1980 accounts, saying that the company "may be unable to continue as a going concern."

In the company's annual report, Deloitte Haskins and Sells notes that at the end of last year Braniff's current liabilities exceeded its current assets by $143.2m.

Long-term debt at that date had reached $583.6m, which is more than three times shareholders' equity. The company recorded a $131.4m loss for the year.

Braniff yesterday put a brave face on this grave state of affairs. "Our lenders are fully aware of the situation," the airline said.

The lending banks involved, led by Bankers Trust and Citibank, have recently agreed to certain waivers on the terms of their loans to Braniff until July 1, during which period Braniff will attempt to cut back unprofitable operations, sell aircraft and restructure debt.

The company has sold only one Boeing 747 jumbo jet this year. Unfortunately for Braniff, the market for wide-bodied jet liners is weaker than for many years because of the world airline recession.

Braniff said it believed the *auditors' negative opinion would* not affect its relationship with its bankers.

The airline's report of its first quarter earnings is due next Tuesday.

Rivals for Telecom

Continued from Page 1

his original remit from Sir Keith by suggesting that deregulation be extended to British Telecom's international circuits and that private operators should be free to set up their own communications networks in competition with British Telecom.

He estimates that private competitors would siphon off only 2 per cent of British *Telecom's revenues*, which totalled £3.6bn last year, if they were allowed access to its UK circuits. *The loss would be* 4 per cent if there was also competition in international circuits and private networks.

He argues that private competition would stimulate an expansion of the whole communications market, which *would benefit* British Telecom and limit the effects on its finances.

Deregulation would probably mean that British Telecom would have to raise charges for its local network, which is at present uneconomic and heavily subsidised out of profits on its long-distance and international services.

But he estimated that the increase to subscribers would *be only about 10 per cent. That* is disputed by British Telecom, which claims that there could *be rises of 50 per cent or more,* particularly in rural areas.

British Telecom believes that if deregulation is to be allowed, it should be phased in gradually over several years. It is seeking an outside economist to review the Beesley report but is uncertain whether one can be found in the brief period Sir Keith has allowed for consultation.

Sir Keith indicated yesterday that the scheme to float "performance bonds" linked to the growth of British Telecom's turnover had been abandoned because of doubts about whether they would find buyers unless they were backed by a government guarantee.

If such a guarantee was given, it would mean that the bonds would fall within the *External Financing Limits set* for nationalised industries. That would defeat the whole *purpose of the scheme.*

British Telecom appears resigned to the likelihood that its borrowings during the current financial year will be governed by its EFL, though it hopes that the Government will agree to raise the ceiling, so that a sharp cut in its investment programme can be avoided.

The programme is being trimmed slightly. But this is said to reflect a reduction due to a fall in traffic

Weather

UK TODAY

An anti-cyclone over northern Scotland.

Mostly sunny. Mist patches persistent near northern coasts.

London, Midlands, Wales, North, Channel Islands.

Dry, cloudy or misty at first. Max. 18C (64F).

North East, Borders, Edinburgh, Dundee, Aberdeen, Southern England.

Fog on coasts, sunny, cold. Max. 10C (50F).

Most of Scotland, Northern Ireland, Orkney, Shetland, Isle of Man.

Sunny, fog patches dispersing. Max 16C (61F).

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Algiers	C	17	63	L. Ang.†	C	12	54
Amsdm.	S	16	61	Luxmbg.		—	—
Athens	S	22	72	Luxor		—	—
Bahrain		—	—	Madrid		—	—
Barclna.	F	17	63	Majorca		—	—
Beirut	R	18	64	Malaga		—	—
Belfast	S	13	55	Malta		—	—
Belgrd.	S	18	64	Mchstr.		—	—
Berlin	F	17	63	Melbne.		—	—
Biarritz	S	18	64	Mx. C.†		—	—
Bmghm.	S	14	57	Miami†	S	23	73
Blackp'l	S	15	59	Milan		—	—
Bord'x	C	15	59	Montrl.†	F	7	19
Boulgn.	S	15	59	Moscow		—	—
Bristol	S	15	59	Munich		—	—
Brussels	S	18	64	Nairobi	C	22	72
Budpst.		—	—	Naples		—	—
Cairo		—	—	Nassau		—	—
Cardiff	F	12	54	N York†	F	4	39
Casbca.	C	19	66	Nice		—	—
Cape T.	S	32	90	Nicosia		—	—
Chicg.†	S	2	38	Oporto		—	—
Cologne	S	20	68	Oslo		—	—
Cpnhgn.	F	14	57	Paris		—	—
Corfu	S	22	72	Perth	S	23	73
Denver†		—	—	Prague		—	—
Dublin	S	11	52	Rykjvk.	C	8	46
Dbrvnk.	S	21	70	Rhodes	S	21	79
Ednbgh.	S	9	48	Rio J'o†		—	—
Faro	C	19	66	Rome		—	—
Florence	S	21	70	Salzb'rg	S	19	66
Frankf't	S	18	64	S'cisco†	F	8	46
Funchal	F	18	64	S. Mritz.		—	—
Geneva	F	19	66	Singapr.	T	32	90
Gibrltr.	C	17	63	S'tiago†		—	—
Glasg'w	S	13	55	Stckhm.		—	—
G'msey	C	10	50	Strasbg.		—	—
Helsinki	F	4	39	Sydney	S	24	75
H. Kong		—	—	Tangier	R	18	64
Innsbrk.	S	21	70	Tel Aviv	S	28	82
Invrnss.	S	11	52	Tenerife	F	15	59
I.o.Man		—	—	Tokyo	C	17	63
Istanbul	S	11	52	Trnto.†	C	3	27
Jersey	C	12	54	Tunis	R	17	63
Jo'burg		—	—	Valencia	C	18	64
L. Plms.	F	20	68	Venice		—	—
Lisbon	C	16	67	Vienna		—	—
Locarno		—	—	Warsaw	C	12	54
London	S	16	61	Zurich	S	16	61

C—Cloudy. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

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